

# APPENDICES

## APPENDIX A - DERBYSHIRE COUNTY COUNCIL CABINET REPORT

### Derbyshire County Council

#### Meeting of Cabinet

15 May 2007

Report of the Strategic Director - Environmental Services

#### **Membership of the Midlands Highway Alliance (Environmental Services)**

##### **(1) Purpose of Report**

To seek approval for the Authority to become a signatory to the Midlands Highway Alliance Agreement.

##### **(2) Information and Analysis**

The three adjoining 'Excellent' East Midlands Authorities of Derbyshire, Leicestershire and Nottinghamshire have already joined together as the '3 Counties Alliance' to initially procure an Engineering Consultancy Services supply partner.

Cabinet Approvals on 18 October 2005 and 1 May 2007, and Cabinet Member Approval on 14 September 2006 have allowed the Authority to progress the 3 Counties Alliance to a point where the Engineering Services Contract has been awarded to a preferred bidder.

The 3 Counties Alliance experience has provided sufficient evidence to suggest that authorities can work together on collaborative arrangements which enhance service improvement and promote innovation.

An alliance with wider representation is about to be formed which initially links the East Midlands local authorities. The 'Midlands

Highway Alliance’ is being constituted with support from the ‘East Midlands Centre for constructing the Built Environment’.

The aim and objectives of the Midlands Highway Alliance are:

### **Aim**

- To help Local Authorities to improve the highway services in the Midlands area and help them deliver savings.

### **Objectives**

- To establish and develop collaborative procurement framework(s) to secure the delivery of major (highway) capital schemes.
- To establish and develop collaborative procurement framework(s) to deliver non major (highway) schemes with values from £0 to £8m million, initially with the Highways Agency.
- To establish, implement and develop a continuous improvement model for highway term contracts to achieve convergence to best practice.
- To establish and develop other collaborations for highway activities as agreed by its members.
- To embed partnering principles and construction best practice, commodity procurement and sustainability in all its work and throughout the supply chains.
- To promote and publicise the work of the Alliance.

The Midlands Highway Alliance members will be bound by a legal agreement broadly similar to that used for the 3 Counties Alliance to which Derbyshire is a signatory. However, constituent members do not have to use any, or all, of the procurement frameworks and would be free to use their own procurement if they wish to do so.

### **(3) Financial Considerations**

The EMCBE has attracted grant funding to establish and administer the Alliance in its first 12 months. A bid under the East Midlands Improvement Programme has been successful which will provide funding to further projects. Member authorities are, however, expected to contribute officer time to support the various projects.

**(4) Property Considerations**

There are no property considerations associated with this report.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality of opportunity; and environmental, health, legal and human rights and personnel considerations.

**(5) Background Papers**

Cabinet Reports of 18 October 2005 and 1 May 2007, and Cabinet Member Report of 14 September 2006.

**(6) Key Decision**

No

**(7) Officer Recommendations**

That approval be given for the Authority to become a signatory member to the Midlands Highway Alliance Agreement.

David Harvey

Strategic Director - Environmental Services

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## APPENDIX B - PETERBOROUGH CITY COUNCIL CABINET REPORT

**DECISION NOTICE****Cabinet Member for Efficiency and Business Improvement**

*Sections to be completed by the Decision Notice author are shaded*

<b>Report Title</b>	Request for approval to use the Midlands Works Framework Contract 3, (2008 – 2010) for a number of major highway and regeneration schemes.
<b>Delegations Checked</b>	This decision is proposed in accordance with the delegations for the Cabinet Member for Efficiency and Business Improvement as set out at delegation number 3.4.6 (a) of Part 3, Section 3 (Executive Functions) of the Constitution.
<b>Contract Management System Number</b>	
<b>Name and contact details of officer requesting the decision</b>	Director of: Environment and Community Services Lead Officer: Transport Planning Team Manager
<b>Is the report or background information attached to this request exempt?</b>	Yes, the attached background information is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to financial and business affairs relating to the Council in that it contains comparative information crucial to the proposed procurement process. The public interest test has been applied to the information that is contained in the Exempt Annex to this Decision Notice and it is considered that the need to retain this information as exempt outweighs the public interest in it because it would compromise the Council's position in any future procurement for these services.

<p><b>Is this a Key Decision</b> <b>Key Decision Reference</b></p>	<p>YES</p>
<p><b>Details of decision required</b></p>	<p>Authority is sought for the Council to use the Highway's Agency's Midlands Framework 3 Contract to procure a number of major highway and regeneration schemes which are estimated to have an aggregate value of around £ 28,000,000 for the following schemes:</p> <p>Major highways schemes:</p> <ul style="list-style-type: none"> <li>- Junction 8 access</li> <li>- Nene Bridge</li> <li>- Bourges Boulevard &amp; Crescent Bridge</li> </ul> <p>Public Realm schemes:</p> <ul style="list-style-type: none"> <li>- Cathedral Square</li> <li>- Bridge Street</li> <li>- St Johns Square</li> </ul> <p>Subject to authority being given, further Cabinet Member decisions will be sought before the award of any contract is made to any contractor under the provisions of the said Framework.</p>
<p><b>Reasons for recommending decision and any relevant background information</b></p>	<p><b><u>Introduction:</u></b></p> <p>Current Council Contract Regulations allows the Council to procure works and services under framework arrangements. Where these are used and there is deemed compliance with EU procurement rules, the Council does not have to go through the whole EU procurement process. This has advantages for the Council in terms of:</p> <ul style="list-style-type: none"> <li>- Reduced transactional costs</li> <li>- Reduced timescales</li> </ul> <p>Before any award is made on an individual contract basis using the framework, further CMDNs will be submitted to the Cabinet Member for the individual award decisions to be made, as each of these will be key decisions and above the value for which officers have delegated powers.</p>

## Background

### What is the Midlands Works Framework 3 (MWF3) Contract?

The Highways Agency's Midlands Works Framework 3 contract (for schemes up to £8 million in value) came into effect on the 7<sup>th</sup> November 2007. The framework contract will either end on 30<sup>th</sup> June 2010, or if considered appropriate, be extended until 30<sup>th</sup> June 2011.

The Highways Agency was encouraged by Central Government to work with local authorities to improve efficiency. Through joint working with officers from Leicestershire County Council (representing local authority members of the Alliance) the Highways Agency adapted the procurement process that it funded for its Midlands Works Framework 3 contract (MWF3), to enable local authorities to use the contract for individual works or schemes valued up to £8million. The Midland Highways Alliance (MHA) seeks to increase cross authority working by promoting joint procurement of highways services and by identifying and embedding best practice. The following local authorities are the current members of the Midlands Highway Alliance:

- a) Leicestershire County Council
- b) Derby City Council
- c) Derbyshire County Council
- d) Leicester City Council
- e) Lincolnshire County Council
- f) Northamptonshire County Council
- g) Nottingham City Council
- h) Nottinghamshire County Council
- i) Peterborough City Council
- j) Rutland County Council

The Highways Agency undertook a rigorous evaluation process of the tender documents for the MWF3 framework contract, based on a 70:30, quality: price split. The evaluation of the submitted tenders was undertaken by two representatives of the Highways Agency and one local authority representative from Derbyshire County Council. More detail if required is provided in the Midlands Works Framework 3 – Tender Evaluation document. The potential value of local authority work that might be undertaken through this contract was initially estimated to be in the order of £46million, if the contract ran through to 30<sup>th</sup> June 2011.

As a consequence of this volume of work, the number of framework contractors engaged on the contract rose from three

to four:

- Birse/Balfour Beatty (joint venture)
- Carillion
- George Osbourne/Aggregate Industries (joint venture)
- Tarmac Ltd.

**Benefits associated with using the MWF3 contract:**

**Procurement Cost:**

The Council has an opportunity to significantly reduce procurement costs by using this framework, rather than pursuing individual contracts for each scheme or creating its own separate framework contract. During the procurement process for a typical scheme, costs are ordinarily incurred in assembling tender documents, seeking and evaluating tenders, awarding the tender and then de-briefing unsuccessful tenders. The costs of procurement can vary between 2 and 5% of the construction cost for a given scheme.

A cost comparison was carried out using the MWF3 contract submitted tender values (item coverage was not complete) and the costs recently incurred for a “benchmark” scheme completed in 2007 for PCC, to see if the MWF3 contract represented value for money. The results of this comparison are outlined in the Exempt Annex.

The cost of procurement for the benchmark scheme was 3.4% of the total construction cost. It is thought that the procurement costs could be reduced by 90% by using the MWF3 contract. It is anticipated that approximately £28,000,000 worth of schemes could be progressed through this contract by PCC over the next two years, resulting in procurement savings of £952,000 (based on the 3.4% benchmark comparison). This is essentially capital funding that could be used on other projects, subject to any financial regulations associated with the originating funding source.

Associated with this cost of procurement is the lead time to procure a scheme. By using the MWF3 contract it is anticipated that the procurement lead time can be reduced by ten months (for the benchmark scheme, excluding contractor mobilisation) to three, allowing for improved design definition prior to pricing and commencing of works. Part of the MWF3 contract process is Early Contractor Involvement (ECI), the contractor is engaged during the design phase, to discuss “build ability”, timing and risk management issues. This should mean that the out turn cost is reduced overall, due to a better definition of the scheme and visibility of associated risk for the contractor.

**Construction Cost:**

The construction costs when compared (in isolation) would have lead to an overall increase in of costs by approximately 1.5%. (The range across all the contractors engaged on the MWF3 contract against the benchmark scheme was -14% to +5%). Full details of the cost comparison are included in the exempt annexe. Where it is deemed appropriate by PCC a “mini-tender” can be held due to the poor item coverage on the contractors tender Price List.

**Out turn Cost:**

The MWF3 framework contract is based on “target cost” principles. Essentially, this means the contractor will establish with PCC the actual anticipated out turn cost of any scheme, the contractor is then incentivised through a pain/gain share of the cost to complete the scheme, when compared to the target cost. If the scheme is completed to within the range of the target cost shown (90%-110%) then there is a contractor’s share percentage of 50%. If the scheme is delivered over the target cost (110% - 120%) then the contractor share percentage is 35%. In this way the contractor has an incentive to deliver the scheme to the target cost. Below is a table of the related Target Cost and the Contractors share percentage. In a comparison between circa 40 schemes procured through this style of contract by the Highways Agency and our bench mark scheme, this style of “target cost” contract would represent an 11.3 % saving in construction costs. Full details are in the Exempt Annexe.

Defined Cost/Target	Contractors Share Percentage
Less than 80%	25%
80%-90%	35%
90%-110%	50%
110-120%	35%
Above 120%	25%

It should be noted that by agreeing to use the MWF3 contract there is no obligation on PCC to procure schemes through it. Specific purchases or (call – offs) can be made throughout the term of the agreement when the framework provides value for money, but PCC can go elsewhere if it does not. Please view the associated OGC Guidance on Framework Agreements, January 2006 for further details.

**Recommendations**

Following evaluation of the MWF3 contract and potential other procurement routes, it is recommended that Cabinet approve the



	use of the MWF3 contract for the scope of works outlined above, for the efficiency gains cited. It is anticipated that the first works scheme that will utilise this framework is the Public Realm Phase One project (Cathedral Square), subject to Cabinet approval.
<b>Alternative options considered and rejected</b>	<p>Alternative options that were considered are:</p> <ul style="list-style-type: none"> <li>(a) <b>To separately tender for each of the highway related schemes in its capital programme.</b> This approach will incur additional procurement costs that could be avoided as outlined above. The increased lead time to procure schemes will potentially increase the out turn costs of a given scheme and decrease the time available to get the contractor on site carrying out the works. This is a considerable pressure when looking at the programme of capital works to be carried out by PCC over the next three years.</li> <li>(b) <b>To assemble its own framework contract to replicate the MWF3 framework contract.</b> It does not make sense for the Council to repeat this exercise and incur procurement costs and delays to starting capital works, when the opportunity exists to utilise an existing Framework Contract that offers value for money.</li> <li>(c) <b>To allow Opportunity Peterborough to procure the works on their own rather than through the Council.</b> It does not make sense to do this as Opportunity Peterborough is not V.A.T exempt. As such there would be an increase in costs to deliver the current scope of Public Realm works.</li> </ul>
<b>Declarations /conflict of interest</b>	<b>Declarations of any other Cabinet Members consulted by the Cabinet Member making the decision.</b>
<b>Dispensations granted</b>	<b>In respect of any declared conflict of interest in relation to the decision, any dispensation granted by the Secretary of State/Standards Committee.</b>

<p><i>If the decision requested is Key delete this section and complete paragraph 6 in the appended report</i></p>				
<p><b>Consultation</b> <b>(officers/ward councillors)</b> <i>Legal and finance should be consulted regarding the proposals. Ward Councillors, other Cabinet Members and officers should be consulted if the proposals will have an impact on their service area/ward.</i></p>	<p><b>Section</b></p>	<p><b>Name</b></p>	<p><b>Outcome</b></p>	<p><b>Date</b></p>
	<p><b>Ward Councillors</b> (if applicable)</p>			
	<p><b>Legal (Principal Lawyer, Governance and Commercial) Head of Legal Services</b></p>			
	<p><b>Finance</b></p>			
	<p><b>Cabinet Team</b></p>			
<p><b>Director's approval</b> Directors are requested not to sign if the Cabinet Team box above is blank</p>				<p><b>Date</b></p>
<p><b>Date Sent to Cabinet Member if Key Decision</b></p>				
<p><b>If Decision Is Key Date When It May be Taken</b></p>				
<p><b>Cabinet Member's approval</b></p>				<p><b>Date</b></p>
<p><b>Reasons for making decision</b></p>	<p><b>Procurement Project Director</b></p>			
<p><b>Please tick one of the Options</b></p>	<p><b>Procurement Project Director</b></p>			

**Once signed by the Cabinet Member return as a matter of urgency, and in any event within 2 working days, to the Cabinet Team to allow the decision to be published in accordance with the Local Government Act 2000.**

Cabinet Team Fax number 452483.

<b>CABINET MEMBER FOR EFFICIENCY AND BUSINESS IMPROVEMENT</b>	
<b>JUNE</b>	<b>PUBLIC REPORT</b>

Contact Officer(s):	Andy Ross - Transport Planning Team Manager	Tel. 317471
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**Request for approval to use the Midlands Works Framework Contract 3, (2008 – 2010).**

R E C O M M E N D A T I O N S	
<b>FROM : Trevor Gibson</b> <b>Director of Environment &amp; Community Services</b>	<b>Deadline date : June 2008</b>
To request the approval of Cabinet to use the Highways Agency's Midlands Works Framework 3 Contract to procure Highways and Transportation schemes, as well as Public Realm schemes up to the value of £8M.	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to the Cabinet Member for Efficiency and Business Improvement because a decision is required on a matter that is a key decision.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to provide additional information to the Cabinet Member for Efficiency and Business Improvement that contained in the Cabinet Member Decision Notice to which this report is attached.

2.2 This report is for the Cabinet Member for Efficiency and Business Improvement to consider under the Cabinet Member's delegations as set out at delegation number 3.4.6 (a) of Part 3, Section 3 (Executive Functions) of the Constitution.

- 2.3 *As stated in the Cabinet Member Decision Notice, there is an Exempt Annex to be read with this report. This Exempt Annex is not for publication in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to financial and business affairs relating to the Council in that it contains comparative information crucial to the proposed procurement process. The public interest test has been applied to the information that is contained in the Exempt Annex to this Decision Notice and it is considered that the need to retain this information as exempt outweighs the public interest in it because it would compromise the Council's position in any future procurement for these services.*

### 3. **TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>
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### 4. **MIDLANDS WORKS FRAMEWORK 3 CONTRACT**

#### **Introduction:**

Current Council Contract Regulations allows the Council to procure works and services under framework arrangements. Where these are used and there is deemed compliance with EU procurement rules, the Council does not have to go through the whole EU procurement process. This has advantages for the Council in terms of:

- Reduced transactional costs
- Reduced timescales

Before any award is made on an individual contract basis using the framework, further CMDNs will be submitted to the Cabinet Member for the individual award decisions to be made, as each of these will be key decisions and above the value for which officers have delegated powers.

#### **Background**

##### **What is the Midlands Works Framework 3 Contract?**

The Highways Agency's Midlands Works Framework 3 contract (for schemes up to £8 million in value) came into effect on the 7<sup>th</sup> November 2007. The framework contract will either end on 30<sup>th</sup> June 2010, or if considered appropriate, be extended until 30<sup>th</sup> June 2011.

*The Highways Agency was encouraged by Central Government to work with local authorities to improve efficiency. Through joint working with officers from Leicestershire County Council (representing local authority members of the Alliance) the Highways Agency adapted the procurement process that it*

*funded for its Midlands Works Framework 3 contract (MWF3), to enable local authorities to use the contract for individual works or schemes valued up to £8million. The Midland Highways Alliance (MHA) seeks to increase cross authority working by promoting joint procurement of highways services and by identifying and embedding best practice. The following local authorities are the current members of the Midlands Highway Alliance:*

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- b) Derby City Council
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- g) Nottingham City Council
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The Highways Agency undertook a rigorous evaluation process of the tender documents for the MWF3 framework contract, based on a 70:30, quality: price split. The evaluation of the submitted tenders was undertaken by two representatives of the Highways Agency and one local authority representative from Derbyshire County Council. More detail if required is provided in the Midlands Works Framework 3 – Tender Evaluation document. The potential value of local authority work that might be undertaken through this contract was initially estimated to be in the order of £46million, if the contract ran through to 30<sup>th</sup> June 2011.

As a consequence of this volume of work, the number of framework contractors engaged on the contract rose from three to four:

- Birse/Balfour Beatty (joint venture)
- Carillion
- George Osbourne/Aggregate Industries (joint venture)
- Tarmac Ltd

**Benefits associated with using the MWF3 contract:****Procurement Cost:**

The Council has an opportunity to significantly reduce procurement costs by using this framework, rather than pursuing individual contracts for each scheme or creating its own separate framework contract. During the procurement process for a typical scheme, costs are ordinarily incurred in assembling tender documents, seeking and evaluating tenders, awarding the tender and then de-briefing unsuccessful tenders. The costs of procurement can vary between 2 and 5% of the construction cost for a given scheme.

A cost comparison was carried out using the MWF3 contract submitted tender values (item coverage was not complete) and the costs recently incurred for a “benchmark” scheme completed in 2007 for PCC, to see if the MWF3 contract represented value for money. The results of this comparison are outlined in the Exempt Annexe.

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Associated with this cost of procurement is the lead time to procure a scheme. By using the MWF3 contract it is anticipated that the procurement lead time can be reduced by ten months (for the benchmark scheme, excluding contractor mobilisation) to three, allowing for improved design definition prior to pricing and commencing of works. Part of the MWF3 contract process is Early Contractor Involvement (ECI), the contractor is engaged during the design phase, to discuss “build ability”, timing and risk management issues. This should mean that the out turn cost is reduced overall, due to a better definition of the scheme and visibility of associated risk for the contractor.

**Construction Cost:**

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It should be noted that by agreeing to use the MWF3 contract there is no obligation on PCC to procure schemes through it. Specific purchases or (call – offs) can be made throughout the term of the agreement when the framework provides value for money, but PCC can go elsewhere if it does not. Please view the associated OGC Guidance on Framework Agreements, January 2006 for further details.

### **Recommendations**

Following evaluation of the MWF3 contract and potential other procurement routes, it is recommended that Cabinet approve the use of the MWF3 contract for the scope of works outlined above, for the efficiency gains cited. It is anticipated that the first works scheme that will utilise this framework is the Public Realm Phase One project (Cathedral Square), subject to Cabinet approval.

## **5. CONSULTATION**

Consultation has been held with the Head of Transport and Engineering Services and his Officers to ensure the detail contained within the report is accurate and that the Framework represents a viable solution. The Council's Procurement Team (Strategic Procurement) was consulted in parallel with legal; this ensured that relevant legislation and EU procurement processes had been adhered to in the award and selection of the contractors on the framework. Opportunity Peterborough was also consulted in terms of their requirements to see if the framework could meet them.

## **6. ANTICIPATED OUTCOMES**

It is anticipated that there will be a significant Capital saving in procurement costs, approximately 2-3% of the construction costs, for the volume of schemes that PCC use the MWF3 contract for. In addition to this the reduced lead time to procure works will enable the programme of T&E schemes to be delivered.

## **7. REASONS FOR RECOMMENDATIONS**

*Following evaluation of the MWF3 contract and potential other procurement routes, it is recommended that Cabinet approve the use of the MWF3 contract for the scope of works outlined above. The reason for this is that the framework is an opportunity to achieving efficiency gains in the procurement of these types of schemes.*



## 8. ALTERNATIVE OPTIONS CONSIDERED

**To separately tender for each of the highway related schemes in its capital programme.** This approach will incur additional procurement costs that could be avoided as outlined above. The increased lead time to procure schemes will potentially increase the out turn costs of a given scheme and decrease the time available to get the contractor on site carrying out the works. This is a considerable pressure when looking at the programme of capital works to be carried out by PCC over the next three years.

**To assemble its own framework contract to replicate the MWF3 framework contract.** It does not make sense for the Council to repeat this exercise and incur procurement costs and delays to starting capital works, when the opportunity exists to utilise an existing Framework Contract that offers value for money.

## 9. IMPLICATIONS

The implications for not approving the use of the MWF3 contract are:

- PCC do not achieve the Capital savings on procurement costs
- Schemes such as the Public Realm Phase One are delayed
- *Greater out turn costs of schemes as contractors are under pressure to deliver a programme which has been delayed, due to the procurement lead time and clarity of design.*

APPENDIX C - MIDLANDS HIGHWAY ALLIANCE’S INITIAL BID TO EAST MIDLANDS IMPROVEMENT PARTNERSHIP

Note that this funding route is no longer available but the detail provides a starting point should other funding opportunities become available.

## East Midlands Improvement Partnership

### Revised submission to EMIP for Improvement Support

Project title: Improving Highways Procurement

Submitted by: East Midlands Highways Alliance  
(Lead Authority: Leicestershire County Council)

Date: 28th December 2006

Version 4

To be completed by EMIP: Project reference number	
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## Introduction

This application form is to be used by East Midlands authorities (local councils and fire and rescue authorities) and support agencies to submit proposals to the East Midlands Improvement Partnership (EMIP) for support for improvement projects .

This document also provides guidance of how to make an application (Part B) and details of the agreed assessment criteria framework against which submissions will be considered by the Partnership (Part C). **Only Part A needs to be completed and returned to EMIP by applicants.**

Any queries about the Partnership or the application process should be directed in the first instance to:

Hilary Patterson  
Improvement and Strategy Director  
Local Government East Midlands  
The Belvoir Suite, Council Offices  
Nottingham Road, Melton Mowbray  
Leicestershire LE13 0UL

Tel 01664 502555  
[hilary.patterson@lg-em.gov.uk](mailto:hilary.patterson@lg-em.gov.uk)

Please submit completed applications, both in electronic and paper form, to Hilary Patterson at the above address.

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## A: APPLICATION TO EMIP

### 1 Proposal Partner Details

#### 1.1 Partner authorities/organisations to the application:

Lead authority/support agency	CPA status
Leicestershire County Council	4 Star – Improving Well
Partner authorities/ support agencies	CPA status
Derby City Council	4 Star – Improving Well
Derbyshire County Council	4 Star – Improving Well
Leicester City Council	4 Star – Improving Well
Lincolnshire County Council	2 Star – Improving Adequately
Nottingham City Council	2 Star – Improving Adequately
Northamptonshire County Council	2 Star – Improving Well
Rutland County Council	2 Star – Improving Adequately

#### 1.2 Sponsors (Senior Officers)

Officer name/position (from lead authority/agency)	Director, Department of Highways Transportation and Waste Management
Organisation/address/email/phone	Leicestershire County Council, County Hall, Glenfield, Leicestershire, LE3 8RJ
Officer name/position (from partner authority/agency)	Derby City Council, Assistant Director, Transportation and Waste Management
Organisation/address/email/phone	Derby City Council, Council House, Corporation Street, Derby, DE1 2YH
Officer name position (from partner authority/agency)	Derbyshire County Council, Assistant Director
Organisation/address/email/phone	Derbyshire County Council, County Hall, Matlock, Derbyshire DE4 3AG

Officer name/position (from partner authority/ agency)	Leicester City Council, Service Director, Highways & Transportation
Organisation/address/email/phone	Leicester City Council, New Walk Centre, Welford Place, Leicester, LE1 6ZG
Officer name/position (from partner authority/ agency)	Lincolnshire County Council, Director of Highways & Planning
Organisation/address/email/phone	Lincolnshire County Council, County Offices, Newland, Lincoln, LN1 1ZA
Officer name/position (from partner authority/ agency)	Nottingham City Council, Service Manager Highways, Construction & Maintenance
Organisation/address/email/phone	Nottingham City Council, The Guildhall, Burton Street, Nottingham, NG1 2DE
Officer name/position (from partner authority/ agency)	Northamptonshire County Council, Head of Programme & Delivery
Organisation/address/email/phone	Northamptonshire County Council, County Hall, Guildhall Road, Northampton, NN1 1AS
Officer name/position (from partner authority/ agency)	Rutland County Council, Head of Highways & Transportation
Organisation/address/email/phone	Rutland County Council, Catmose, Oakham, Leicestershire, LE15 6HP

Applicants are asked to complete the “Header” details on this application to help document management.

## 2 Proposal Summary

In 2005 East Midlands Regional Centre of Excellence formed a highways alliance to drive best practice in the Local Authority Community. The Midlands Highways Alliance seeks to increase cross authority working by promoting joint procurement of highways service and by identifying and embedding best practices.

This submission seeks funds to develop this collaborative work further. The collaboration will improve the procurement and delivery of the two strands of the Highways service:

- Major and minor capital highway schemes.
- Highway maintenance.

Successful and efficient delivery of these activities will support the economic development of the region and deliver Gershon savings. It should also lead to improved public satisfaction in highways services in the alliance of highways authorities.

The Gershon Efficiency Review, 2004 set targets for efficiency improvements across government. The proven procurement process to drive efficiency in highways construction includes: long-term partnering relations through the supply chain: non-adversarial contracts, client and contractor working as an integrated team to develop more efficient ways of working and performance management and the use problem-solving techniques to improve efficiency.

However, to improve the efficiency highways clients must have a continuing substantial workstream which will enable the selected supply chain to invest in the business processes that underpin collaborative procurement and to give certainty of work to the selected suppliers through a framework contract. From the supply side, there must be a pool of contractors and suppliers who can collaborate with each other and with the client to change processes and to improve their performance from project to project.

Few if any Midlands authorities currently have the long term continuity of work for major schemes required to drive change through the supply chain. As a result, efficiency gains from current partnerships, that do not include the supply chain, have been minimal. This proposal therefore brings Midlands clients together to combine buying power and set up long term partnerships with contractors and suppliers. The benefits of client collaboration will be improved management expertise, buying power and competence in the supply chain.

The MHA have arrived at a model for regional collaboration in which:

- (i) A legal identity is formed and owned by its members to joint procure and act as a Centre of Excellence for highways construction and maintenance.
- (ii) MHA appoints pools of contractors and suppliers through one of two routes:
  - a. Selection through an EU procurement process and appointment to MHA frameworks – major schemes.
  - b. Appointment to MHA through existing arrangements with MHA members – maintenance work.
- (iii) MHA contractors, sub-contractors and suppliers are jointly selected based on criteria other than just price.
- (iv) All MHA member organisations commit to adopt best practice for procurement and contract management including collaborative contracts – (including protected margins, open book accounting, risk sharing and shared incentives and teamworking).
- (v) MHA members will be trained and accredited for collaborative working to

ensure they develop the skills to deliver measurable continuous improvement from contract year to contract year.

### 3 Proposal Overview

#### 3.1 MHA Submission Aim

To develop the existing Midland Highway Alliance to drive efficiency in the procurement of highway works and services.

#### 3.2 Key Issues Linking to EMIP Objectives and Priorities

**EMIP Priority:** This submission is to achieve transformational government and efficiency through Highway Authorities working together to improve their services. This will involve partnership working with contractors and consultants in the private sector.

Once established the successful arrangement will continue to benefit the Authorities and the public for many years.

Timely achievement of major highways schemes will help deliver the regional highways priorities as identified in Douglas Alexander’s letter to the Chair of East Midlands Regional Assembly and East Midlands Development Agency in 6<sup>th</sup> July 2006.

**National Links:** The arrangement will seek to engage with strategic organisations at a National Level for example The Highways Agency, Office Government Commerce, Constructing Excellence. The strategic alliances with these national organisations are important because of the regions lead role promoting improved construction nationally for the Regional Centres of Excellence, hence this submission is an exemplar project to promote to other regions.

Existing potential sources of support have been pursued by the submission Authorities with East Midlands Regional Centre of Excellence and through East Midlands Centre for Constructing the Built Environment.

Currently some aspects have been self funded by individual Local Authorities but to get the inter-authority improvement external start-up funds are required.

Discussions, on the way forward, have been held with the Department for Transport, OGC, Highways Agency and Midlands Service Improvement Group.

**Regional Development:** In the interest regional economic development the submission will involve large private sector partners but it will strive to ensure local private sector providers are involved and benefit from these improved working arrangements.



Local employment and training will be encouraged through the procurement models being adopted by MHA will ensure Contractors will be incentivised to participate in initiatives to increase local employment by employing local labour and engaging with the local community through setting up local skills development schemes. Contractors will be encouraged to offer local apprenticeship schemes for example.

**Improved Authority Performance:** ‘Excellent’ Local Authorities will champion best practice through a structured convergence programme to facilitate knowledge of better working practice to other Local Authorities encouraging a better attainment of CPA scores.

**MHA Life Beyond EMIP Support:** EMIP start up finance will create the procurement arrangements which Local Authorities will use, there after the arrangement to be self sustaining through the savings achieved by more efficient working.

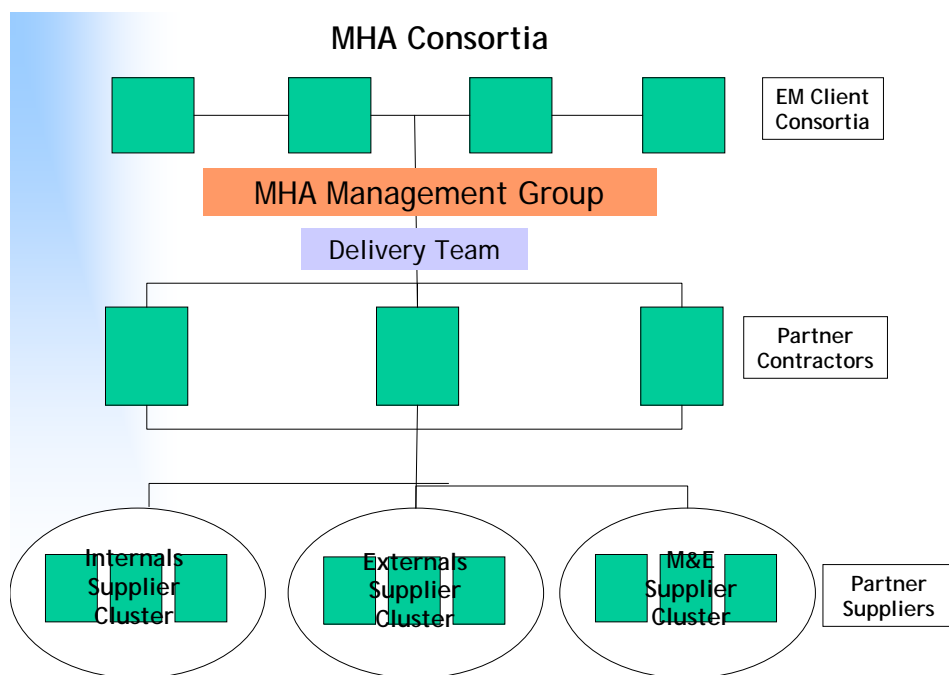
**Outcomes for the Two Key Strands of Activities:** Will be clearly defined and measurable. MHA will adopt current situation audits to ensure that outcomes set out in Section 5 are assessed with confidence.

### 3.3 Corporate Ownership

Governance proposals for the Alliance are currently being discussed and authorities will be expected to formally agree these.

The MHA organisation consists of:

- An Alliance of Midlands Authority highways clients
- A MHA Centre of Excellence which is made up of:
  - MHA CLG - A legal identity owned by member clients
  - A Management Group of Heads of Highways from member organisations
  - A Delivery Team made up of consultant and member staff responsible for carrying out all MHA services including:
    - Joint procurement
    - Conversion of existing contracts and processes to MHA best practice.



**Project Management:** The project will be managed by Constructing Excellence. It will be steered by representatives from the constituent authorities. A Director will be appointed to:

- Act as a single point of contact for consultants and other service providers and will be responsible for their management and monitoring.
- Co-ordinate the input and involvement of MHA members and their staff.
- Work with the steering group, made up of a representative from the property or procurement departments of each member, to advise the management group of any strategic decisions

### 3.4 Scope and Size of Programme

The detailed description of works undertaken and annual spend by MHA Authorities is included in the table below. The spend in each category will increase as the number of MHA members increases.

Organisation Name	Survey Response Status	Estimated Capital Spend	Estimated spend on planned maintenance	Estimated spend on reactive maintenance
Leicestershire	*Completed / part data pending	£ 38,500,000	£ 20,000,000.00	£ 30,000,000
Rutland	Completed	£ 5,313,000	£ 9,074,000.00	£ 1,600,000
Nottinghamshire	**Completed / data pending	£ -	£ -	£ -

Organisation Name	Survey Response Status	Estimated Capital Spend	Estimated spend on planned maintenance	Estimated spend on reactive maintenance
Leicester	Completed	£ 40,706,000	£ 12,718,000.00	£ 900,000
Lincolnshire	Completed	£ 130,100,000	£ 22,500,000.00	£ 54,600,000
Derby	Pending	£ 34,000,000	£ 13,013,000.00	£ 9,000,000

**Table 1: Key spend**

### 3.5 Work Stages

The MHA have discussed priorities within the work-streams:

Priority 1 – establish identity and regional body, establish collaborative framework for major schemes and establish a collaborative framework with the Highways Agency for minor capital works.

Priority 2 – establish a continuous improvement model for term maintenance with the assistance of MSIG, The Midlands Service Improvement Group.

All of which must be underpinned by a robust and innovative performance management system.

#### 3.5.1 Establish Legal Identity & Governance

- Consultation & Membership arrangements including associated members.
- Company Formation.
- Detail Governance, Articles of Association amendments and ratify with partner legal teams. Formalise membership arrangements (categories of association).
- Appoint Board of Directors.

#### 3.5.2 Joint Procurement

##### **Objectives**

To undertake a rolling procurement of framework partners and suppliers for all Highways work-streams.

This initially will have two strands:

1. a Major Scheme Framework for the East Midlands;
2. a framework for capitalised maintenance and minor works created in collaboration with the Highways Agency.

## **Targets**

Targets are to establish MHA frameworks for Highways schemes including:

- £10m pa in Major schemes and
- £20m pa in Minor schemes.

This are the conservative values of spending that can be put through the frameworks over the initial years. As existing arrangements come to an end spending through the frameworks will increase, eventually encompassing to the levels in Table 1.

## **Service Description**

MHA will carry out a rolling programme of joint procurement of contractors and suppliers initially for Major schemes work and followed by minor schemes. The MHA supply chain will be made up of contractors and designers of a mix of size and capabilities to suit the range of projects the members are planning. It is the intention of MHA to ensure that smaller contractors are not disadvantaged during the selection process. Packages of work will be allocated to contractors commensurate with the relative size of the contractor and the value of the package or packages. MHA contractors and suppliers will be offered consistency of work to so that they can invest in process improvement.

MHA piloted a procurement process and is now refining following feedback. Key activities include:

- i) Publication of OJEU notices and advertisements.
- ii) Management of enquiries, expressions of interest and PQQ submissions.
- iii) Development of standard MHA PQQs and Evaluation Matrices.
- iv) Evaluation of PQQs, short listing and reporting.
- v) Development of a MHA framework agreement and MHA standard versions of contract documentation forms.
- vi) Tender documentation and specifications.
- vii) Facilitation of Industry awareness days.
- viii) Tender evaluation and reporting.
- ix) Allocation of work packages.
- x) Setting up of open book processes and cost models.
- xi) Target cost agreement.
- xii) Negotiation of incentivisation schemes.
- xiii) KPI formulation and agreement.
- xiv) Setting up of continuous improvement systems and processes.
- xv) Development and management of a cost database.

Other than the framework agreement there will be no contract between the contractors or suppliers and MHA. MHA client authorities will individually select contractors and suppliers from the MHA pool through a mini competition. MHA is creating a standard set of partnering contracts that members may use.

## **Benefits**

- Procurement and contract efficiencies through frameworks – the establishment of long term frameworks removes the need for individual tendering by each client or on a scheme by scheme basis.
- Reduction of supply chain tendering – the use of long term supplier partners, results in contractor overhead cost reductions through reduced tendering and economies of scale from long term volume

### **3.5.3 Continuous Improvement Programme in Term Maintenance**

#### **Objectives**

To work through MSIG to research, establish and implement collaborative work programmes to achieve best practice for term maintenance. These will allow flexibility of supply and use of existing suppliers who are tied to long term contracts whilst seeking convergence of practices.

#### **Future Targets and Basis for Business Case**

Develop practices and procedures to:

- i. Convert current contracts and practices to MHA best practice and to achieve conversion of:
  - £100m pa in future years
- ii. To secure efficiency savings of 10% off tendered rates through waste removal from the conversion process.

#### **Future Service Description**

Many MHA members have existing maintenance framework partners or in-house teams. The conversion programme helps clients and contractors convert their current contracts and practices to MHA best practice. Key activities undertaken to convert each member include:

- Evaluate current contract and processes
- Obtain partner agreement to move to MHA model including fully open book with shared risk and reward
- Set up open book and risk management processes
- Initiate process and behaviour improvement sessions

The MHA Delivery Team will mentor client teams and their existing partners in:

- i. Collaborative commercial processes
  - Converting current lump sum price contracts to fully open book with risk sharing.
  - Reporting the elements of cost and how each can be minimised.

- Minimising risk through identifying the difference between real risk elements and contingency allowances for the traditional inefficiencies in the construction process.
  - Calculating labour costs on the basis of time estimates that can be verified in practice.
- ii. Performance Improvement
- Setting up and trialing structured Continuous Improvement activities to eliminate waste of labour and materials and to carry lessons forward from one job to the next.
- iii. Collaborative Behaviours
- Workshops to engender leadership skills and teamworking behaviours.

This work will initially be funded through EMIP but once a cost savings register has demonstrated that the savings, based on the newly agreed target cost, are at least 2%, but most likely around 10%, MHA will charge a levy, around 1.5%, on the remaining contract value.

### **Potential Benefits**

- i. Target Cost Working with Modern Commercial Arrangements
- Understanding and managing cost and risk. By exposing actual cost of contractors and suppliers and risk at the start of a project and placing it with the party best placed to manage it, savings of 10-25% are typically found. The initial target prices were tendered in competition. Exposing labour, plant and material costs for key activities enabled the client and contractor to identify and eliminate unnecessary cost and risk.
- ii. Structured approach to process improvement

### **Benefits**

- Construction site efficiencies, through facilitated process improvement eliminates waste and reduces cost.
- Benchmarking – comparing cost and quality and linking to specification and practices so that all can achieve the standard of the best.

## **3.5.4 Establish Standard Performance Systems**

### **Service Description**

MHA will develop standard performance systems so that members can benchmark contractor performance and collect performance data to make comparisons. MHA members will be able to make comparisons internally (i.e. within the consortium) or externally (e.g. against industry headline data, other consortia, or against other sectors of the industry). Data will be used to identify areas that are performing well, and those which aren't. Where good performance is being achieved, the organisations will be encouraged to share their experiences as best practice case studies. Where poor performance is identified, the organisations will be supported and encouraged to implement performance improvement techniques.

**Benefits**

- The key to improving efficiency is to ensure contractors and consultants understand that, while they will benefit from a long-term commitment, they will only retain their place on a framework if they continue to deliver increasingly excellent value for money and that their performance in this respect will be measured against demanding targets.

## 4 Proposal Objectives

Please set-out brief details of the objectives of the project (please use numbered referencing so that they may be linked with Section 5 of this form)

Objective Ref No	Objective details Reference as appropriate to the councils’ improvement plans.	EMIP Priorities addressed and impact on EMIP targets Reference to the EMIP Strategy.
1.0	<p><b>Establish a legal entity to host the framework arrangements for the Midlands Highways Alliance.</b></p> <ol style="list-style-type: none"> <li>1. Company formation &amp; Governance procedures.</li> <li>2. Company secretary, business management and administration Project management.</li> <li>3. Administration.</li> </ol>	<p>Help deliver more for less. Specifically the Gershon savings for Highways.</p> <p>Improved public services through better partnership working with the private sector leading to better public satisfaction.</p>
2.0	<p><b>Establish Framework Arrangement: Major Capital Schemes</b></p> <ol style="list-style-type: none"> <li>1. Legal Documentation – derive a standard best practice contract.</li> <li>2. Derive and implement the procurement strategy, including market testing.</li> <li>3. Knowledge capture.</li> <li>4. Framework training</li> <li>5. Performance management system (KPI, Milestones)..</li> <li>6. Project management.</li> <li>7. IT protocols for convergence.</li> <li>8. Reality check and audit of success.</li> <li>9. Supply integration and management.</li> </ol>	<p>Help deliver more for less, specifically the Gershon savings for Highways.</p> <p>Improved public services through better partnership working with the private sector leading to better public satisfaction.</p> <p>Deliver with improved efficiency and better cost certainty the major highway schemes identified by the constituent authorities and those identified as key priorities regionally.</p>



Objective Ref No	Objective details Reference as appropriate to the councils’ improvement plans.	EMIP Priorities addressed and impact on EMIP targets Reference to the EMIP Strategy.
3.0	<p><b>Develop a Framework Arrangement for Minor Works and Capitalised Maintenance in collaboration with the Highways Agency</b></p> <ol style="list-style-type: none"> <li>1. Legal Documentation for standard best practice contract.</li> <li>2. Derive and implement Procurement Strategy.</li> <li>3. Knowledge capture.</li> <li>4. Implement convergence programme.</li> <li>5. Framework training.</li> <li>6. Performance management system.</li> </ol>	<p>Help deliver more for less. Specifically the Gershon savings for Highways.</p> <p>Improved public services through better partnership working with the private sector and the Highways Agency leading to better public satisfaction.</p>
4.0	<p><b>Develop Continuous Improvement Programme for Term Maintenance with the help of MIDSIG</b></p> <ol style="list-style-type: none"> <li>1. Develop business case for future collaboration in a term maintenance framework.</li> </ol>	<p>Help deliver more for less. Specifically the Gershon savings for Highways.</p> <p>Improved public services through better partnership working with the private sector leading to better public satisfaction.</p>
5.0	<p><b>Establish Standard Performance Systems</b></p> <ol style="list-style-type: none"> <li>1. Review of current management systems.</li> <li>2. Agree approach to cross authority working and performance measurement.</li> <li>3. Implement change management programme.</li> <li>4. Audit benefits.</li> </ol>	<p>Measuring success to help ensure continued improvement.</p>

## 5 Proposal Deliverables (Outputs and Outcomes)

Stage	Estimated Completion/ Delivery Date	Objectives Addressed	Outputs	Outcomes
Include the key actions		Please identify as referenced in Section 4	Please describe in terms of the physical products (eg services, training. Reports, systems etc)	The impact on corporate effectiveness/service delivery of the participating organisations
1.0 Legal Identity of “host” established and running	4 months	1.0	Host organisation for the framework organisation, standard documents.	Cross authority collaboration to jointly procure regional frameworks.
2.0 Establish and use a Capital Framework for major schemes	15 months	2.0	Regional capital framework, open book, highly trained staff.	Client Savings, early contractor involvement, lean construction, timely construction, integration to minimise risk, continuity of work, client shared skills, skilled contractor, reduced mobilisation of team.
3.0 Establish and use a framework for capitalised maintenance and small schemes	18 months	3.0	Regional collaborative working with the Highways Agency.	Improve service delivery, integrated teams, savings and improved efficiency, improved safety, less disruption caused by roadworks.

<b>Stage</b>	<b>Estimated Completion/ Delivery Date</b>	<b>Objectives Addressed</b>	<b>Outputs</b>	<b>Outcomes</b>
Include the key actions		Please identify as referenced in Section 4	Please describe in terms of the physical products (eg services, training. Reports, systems etc)	The impact on corporate effectiveness/service delivery of the participating organisations
4.0 Improvement Programme for term maintenance	24 months	4.0	Cost not price approach embedded. Open Book Working. Supply Chain Partnering. Improved procurement of materials.	Better asset management. Improved protection against corporate manslaughter. Efficiency savings. Improved customer satisfaction. Less travel disruption.
5.0 Performance Assessment	24 months	5.0	Measurement of changes.	Clear understanding of benefits so continuing investment.

## 6 Governance

The MHA Board set up a Steering Group made up of its members and associates.

### 6.1 Management

The MHA will initially be managed by CE acting on behalf of the Management Board. And will be responsible for the following work:

- Strategic advice to the Management Board.
- Ongoing resource planning for the delivery and sustainability.
- Managing MHA finance and monthly reporting to the Steering Group.
- The allocation of packages of work, balancing contractor capacity and client preferences.
- The collection of revenues from contractors and suppliers.

The sign off and payment authorisation of the Delivery Team activities on achievement of key milestones including:

- Joint procurement.
- Conversion projects.
- Client and supplier development.
- Marketing and Communication - The key to MHA success will be to retain the full support of members and encourage new members, through ongoing communication of progress, new services and benefits.

### 6.2 Steering Group

Senior managers and directors from each of the Members and facilitated by the Managing Director. The Steering Group will meet at intervals coinciding with key milestones for the project and the representatives from the members will have authority from their individual Chief Executives to finally approve any documentation or process.

As a general principle consultants are producing draft versions of documents and are managing the procurement process, initially with input and advice from the Steering Group.

Working groups will also be set up for:

- Overall strategy.
- Procurement strategy.
- Specifications, standards and cost models.

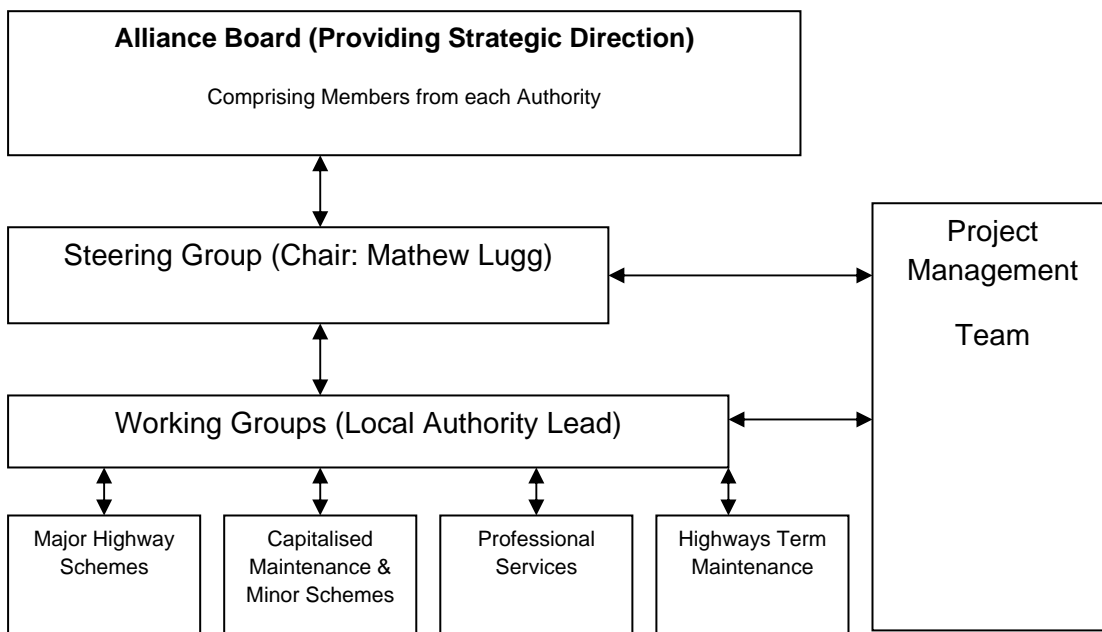
The steering group coordinates work on these issues, calling in staff with relevant skills from members for working groups as and when required. Conference call meetings are held on a weekly basis and face to face meeting on a monthly basis.

### 6.3 Delivery Team

A delivery team has been set up and staffed through a combination of external experts and member staff. The external support will be continually reviewed.

Alliance governance proposals have been tabled and are being discussed by the steering group. This will need the approval of the partner authorities. The steering group is chaired by Matthew Lugg.

#### Recommended Governance Model



### 6.4 What appropriate programme management arrangements will be in place?

Steering group – Representation from the alliance authorities

Subgroups – 4 alliance working groups

Constructing Excellence/CWC will manage the project.

The Regional Centre of Excellence will lead on communication to Local Authorities and EMCBE (East Midlands Centre for the Built Environment) will support communications with the regional construction industry.

## 7 Project Management

### 7.1 How will the project management be approached, including its resourcing

(eg internal or external personnel)?:

Overall project management will use external personnel from consultants. In addition there will be lead Authorities for workstreams providing ‘internal’ management contributions.

### 7.2 Expected period of time needed to implement project management arrangements and any problems anticipated:

It is expected to take 3 months to implement the project management. There are risks associated with this and these are shown in the risk register in section 12.

### 7.3 Does this application include any funding to support the necessary project management processes and if so how much?:

Yes, project management is identified and costed separately.

This activity is essential because internal staff and the lead authorities would not have the time to do this.

## 8 Proposal Resourcing

### 8.1 Proposal Resource Profile

Stage/ Milestones	Cost	Funding by the proposal partners/ other resource inputs	Other funding sources and amounts	Milestone funding from EMIP/other resource inputs	Estimated Milestone grant payment dates
<b>1. Legal Entity</b>		Being discussed	Being discussed		
1.1 Company formation and governance	£5,000				Stage 1&2: 4 months from start
1.2 Company running costs, Company secretary, business management and administration	£15,000				
<b>Total</b>	<b>£20,000</b>				
<b>2. Framework for Major Capital Schemes (5 Authorities)</b>		Being discussed	Being discussed		
2.1 Produce contract documentation	£20,000				2.1, 4 months at start

Stage/ Milestones	Cost	Funding by the proposal partners/ other resource inputs	Other funding sources and amounts	Milestone funding from EMIP/other resource inputs	Estimated Milestone grant payment dates
2.2 Arrange the Framework	£20,000				2.2, 6 months from M3
<b>Total</b>	<b>£40,000</b>				
<b>3. Frameworks for Capitalised Maintenance and minor schemes (6 Authorities and the HA)</b>		Being discussed	Likely funded by HA		
3.1 Produce Contract Documentation	£20,000				3.1, 4 months from start
3.2 Arrange the Framework	£30,000				3.2, 6 months from M4.
<b>Total</b>	<b>£50,000</b>				
<b>4. Continuous Improvement for term maintenance</b>		Being discussed	Being discussed		
4.1 Research and provide business case of future term maintenance improvement towards embedding best practices through MSIG	<b>£30,000</b>				5.1 4 months from M6



Stage/ Milestones	Cost	Funding by the proposal partners/ other resource inputs	Other funding sources and amounts	Milestone funding from EMIP/other resource inputs	Estimated Milestone grant payment dates
<b>Total</b>	<b>£30,000</b>				
<b>5. Standard Performance Management</b> 5.1 Performance management for stages two and three	<b>£27,000</b>	Being Discussed	Being Discussed		6.1 2 months from start
<b>Total</b>	<b>£27000</b>				
<b>6. Project Management</b> 6.1 This is needed for stages 1,2,3	<b>£60,000</b>				
<b>Total</b>	<b>£60,000</b>				
<b>Total Costs</b>	<b>£220,000</b>			£ % of total	

**8.2 Please provide details of other funding streams or other forms of support sought for this proposal and the outcomes:**

DFT – Not Optimistic

RCE – funding committed no resource available

HA – still in discussion but likely to fund the minor works framework

Individual Authorities – being discussed

**8.3 Please provide details of non-financial resources to be inputted into the proposal by the proposal partners:**

In kind support and some funds

**8.4 Please provide brief details of previous bids for CBF or East Midlands Centre of Excellence funding, made either singly or jointly by the project partners, and their outcomes:**

Consortia project – 3 Counties professional services framework – the outcome is used as an exemplar in this project to move to regional coverage.

## 9 Financial Benefits

Please provide your estimate of the value of the anticipated cash benefits arising from the proposal.

<b>Proposal Benefit</b>	<b>Cash Saving</b>
1.0 Major Capital Schemes Supplier Savings passed on Supplier Mobilisation Savings past on Client Savings Reduced admin costs	<b>£1.3m per annum</b>
2.0 Framework Arrangement for Minor Capital schemes Supplier Savings passed on Supplier Mobilisation Savings past on Client Savings Reduced admin costs	<b>£1.75m per annum</b>
3.0 Professional Services Client Savings	<b>£0.100m per annum</b>
4.0 Performance Management benefits through exchange of best practice	<b>Zero initially but substantial as best practice disseminated in future years</b>
<b>Totals</b>	<b>£3.15+m per annum</b>

- These sums will be 'at of the base' savings in the first full year of operation. There should be further saving in subsequent years.
- No account has been included for the additional benefits accrued from joint networking through the MHA and its partners.

## 10 Implementation

### 10.1 Please describe how the deliverables from this proposal will be implemented across the proposal's partner organisations.

A 2-stage implementation process, staggered across authorities prioritized against required needs will be developed and agreed

Each individual work-stream will have its own time line and dedicated project management support. MHA members have already indicated which work-streams they wish to be involved with and their likely timings.

### 10.2 Please describe the expected legacy of the proposal, and how this might be continued (sustainability).

A sustainable long term arrangement for highways procurement which self improves through the reinvestment of savings driving improvement through KPIS

The project will also leave the MHA with a long term self financing future.

### 10.3 Please describe how you see the listed proposal deliverables being made usable by other authorities in the East Midlands Improvement Partnership.

All Highways authorities are involved in the development of the proposal.

The successful outcome of this work should be very suitable for transfer to other regions.

## 11 Proposal Evaluation

### 11.1 Please provide brief details of the relevant baseline positions of the partner organisations and how these have been assessed:

Work programmes are currently being assessed with the involved Local Authorities. Initial survey of expenditure is currently underway by RCE.

### 11.2 How will the achievement of outputs and outcomes of the proposal be evaluated?

Built into the submission.

## 12 Risk Assessment

### Risk Summary Graph

Numbers relate to risk reference in the following tables.

		LOW	MEDIUM	HIGH
Likelihood	HIGH		5.1	
	MEDIUM		2.1,3.3	1.1,3.2,6.1
	LOW			3.1,4.1
		LOW	MEDIUM	HIGH
		Consequence		

Total Number of Risks in Register 8.

**Likelihood:** **H** = highly likely to happen, **M** = fairly likely to happen & **L** = unlikely to happen

**Consequence:** **H** = severe consequence, **M** = substantial consequence & **L** = small or negligible consequence

**H/H** = avoid, eliminate or transfer the risk, **L/L** = acceptable and can be retained, Other combinations control or minimise

**Risk Register**

Ref	Event/Description	Likelihood	Consequence	Combination	Action to manage / mitigate the risk	Risk managed by:
1.1	Reduced commitment from members	M	H	M/H	All members need to see early evidence of the benefits in order to retain their commitment. We aim to ensure ‘quick wins’ through risk management and target costing. Where the benefits are evident to clients, the commitment will remain high.	
2.1	Over-stretching capacity, or loss of consultancy expertise	M	M	M/M	Currently, the delivery of services depends on four or five key individuals. This exposure will be ameliorated as work takes off and CWC consultants are fed into programme. A balance must be maintained between generating workload and the capacity to deliver these services.	CWC
3	Poor quality of service					
3.1	<i>Client consultants</i>	L	H	L/H	The performance of consultants is key to results, and poor performance will undermine the goals. The induction process for all new & existing consultants will need to ensure that the quality of delivery achieves the high standards expected by members. Feedback and client satisfaction feedback forms and other devices will give warning of this.	
3.2	<i>Partner Supply Chains.</i>	M	H	M/H	The quality of service from the supply chain will be monitored through the performance measurement system and those suppliers that consistently under perform will be managed or ultimately excluded from the framework.	CWC/

Ref	Event/Description	Likelihood	Consequence	Combination	Action to manage/mitigate the risk	Risk managed by:
3.3	<i>Clients</i>	M	M	M/M	The skills and behaviours of client staff will need to be developed to ensure the collaborative working principles are being implemented and the training programme should negate this risk.	CWC
4.1	Failure of projects to validate the business case	L	H	L/H	Ultimately, if the techniques do not demonstrate a satisfactory return then the project will fail. It will therefore be vital to apply sufficient resources to the ‘mission-critical’ task of validating and improving the business case.	CWC/
5.1	Cash flow	H	M	H/M	Client will also seek to secure as prompt payment as possible through follow-ups by the administrator. The most significant cash flow risk would be for Client to default on payment however this risk may be considered low.	
6.1	Reputational risk	M	H	M/H	The above measures to maintain quality and prevent financial difficulties should be sufficient to build and protects reputation.	All
7.1	Workload variances	M	M	M/M	Text	All
8.1	Cost Inflation	M	L	M/L	Text	All
9.1	Inability to attract constructors	L	H	L/H	Text	All
10.1	Programme delay	L	H	L/H	Text	

### 13 Application Authorisation

Lead authority/agency authorisation of application:

Name of Chief Executive or Director	Mathew Lugg
Position	Director
Signature	
Date	

<b>To be completed by EMIP</b>	
Received by officer/ official (name)	
Date Received	
Allocated project reference number	
Lead official	
Date considered by EMIP Board	
Decision	
Date cleared with Members	
Date decision notified to applicant	



### APPENDIX D – TRAINING

#### **Setting up an Alliance**

Existing Alliances have reported that there was no direct training or support literature used to establish the Alliance. They have all stated (as described throughout this Toolkit) that in order for the Alliance to move from a concept to an actuality required the determination of a key lead authority(s) and the “buy in” of members and senior officers. In many instances this approach to generate the drive and momentum was delivered by external consultants.

To this end, included are the following set of PowerPoint slides that highlight the drivers, benefits and actions required as outlined in this Toolkit for presentation by the lead authorities/existing authority groups to attain this crucial “buy in”, understanding and backing.

The set of slides have been have been developed for the following audience:

Slides Appendix D1 – Members

Slides Appendix D2 – Senior Officers

Slides Appendix D3 - Officers

The slides are available from the HMEP website <http://www.dft.gov.uk/hmep/>.

APPENDIX D1 - MEMBERS

**HMEP**  
Highways Maintenance Efficiency Programme

**Highway Maintenance Services**

**Why You Should be Considering a Local Highway Authorities Collaborative Alliance**

Accompanies the Collaborative Alliance Toolkit July 2012 Appendix D1

**HMEP**  
Highways Maintenance Efficiency Programme

**A Local Highway Authorities Collaborative Alliance is defined as:**

**“a grouping of more than two LHA’s who carry out joint procurements and / or develop and implement good practices to improve their efficiency and customer service”**

**HMEP**  
Highways Maintenance Efficiency Programme **Drivers for Collaboration**

The diagram features a light blue arch at the top labeled 'Efficiency Savings'. Below the arch are two light blue rounded rectangular boxes. The left box is labeled 'Central Government' and the right box is labeled 'Local Government'. The arch connects the two boxes, suggesting a relationship or flow between them.

**HMEP**  
Highways Maintenance Efficiency Programme **Drivers for Collaboration**

**Central Government**

The National Infrastructure Plan (Nov 2011) seeks to reduce costs of delivering services giving savings of between £20bn - £30bn over the next decade

*‘HMEP recognises the value of more collaborative working because it provides real opportunities for economies of scale and cost savings without undermining local sovereignty’*

*Norman Baker, MP*

**HMEP**  
Highways Maintenance Efficiency Programme **Drivers for Collaboration**

**Local Government**

Local politicians want to be assured that their local highways service delivery is as efficient and effective as possible.

Furthermore, given shrinking budgets, you want as much expenditure as possible being directed towards front-line services.

Collaboration between authorities through a highway alliance delivers these goals

**HMEP**  
Highways Maintenance Efficiency Programme **Drivers for Collaboration**

**Efficiencies**

A highway alliance saves money because it:

- Reduces duplication (for example, authorities otherwise separately procuring similar services);
- Lowers costs (because the volume of work commissioned under one contract goes up so service providers’ costs are more widely spread);
- Shortens delivery timescales for work-streams through procured contracts;
- Helps deliver cost certainty through benchmarking with and previous experience of other members;
- Helps develop good practices.

**HMEP**  
Highways Maintenance Efficiency Programme **Why?**

**Alliances between authorities deliver significant efficiencies of up to 10% of throughput by collaboratively working**

(Collaborative Alliance Toolkit –HMEP July 2012)

*“For all benefits there is no loss of sovereignty for the individual authority nor is it an imposition on resource”.*

**HMEP**  
Highways Maintenance Efficiency Programme **Key Requirements**

Currently there are 6 number highway alliances established. The key factors given for setting up and operating the alliances are:

- **Leadership**
  - Momentum and enthusiasm from the top down and identify lead authorities for the Alliance as a whole
- **Aims and Objectives**
  - Need to reflect the member authorities
- **Communications**
  - Essential for the success of the Alliance
- **Operating the Finances**
  - Determine the type of funding mix, uncharged resource input and or subscriptions and or levies for alliance products

**HMEP**  
Highways Maintenance Efficiency Programme

## Generating the Efficiencies

Highway alliances generate their efficiencies by collaboration with other members in various work streams, these have and can include:

- works frameworks
- term maintenance frameworks
- commodities supply frameworks
- professional services frameworks
- Joint training
- lean processes
- innovation and recycling
- supply chain re-engineering
- shared services
- back office activities
- production and use of joint specifications

**HMEP**  
Highways Maintenance Efficiency Programme

## Timescales & Support

From the current highway alliances interviewed the timescale for setting up an alliance and identifying the first work stream to undertake varies from 12 to 18 months.

With the support of the HMEP toolkit that sets out step by step the actions to be taken and the challenges to be overcome and with leadership from yourselves this process is now envisaged to be reduced to 6 to 12 months

**HMEP**  
Highways Maintenance Efficiency Programme

## Supporting HMEP Documents

The diagram illustrates a stack of documents representing supporting HMEP documents. The documents are titled: Collaborative Alliance Toolkit, Shared Services Procurement Toolkit, Procurement, Highway Maintenance Contract Documents & Specifications, and Asset Management Lifecycle Planning.

**HMEP**  
Highways Maintenance Efficiency Programme

Thank you for your time and interest

If you would like to discuss any further aspects of forming and operating an highway alliance please contact:

- Matthew Lugg –Chair of the HMEP Project Board  
Past President of Association of Director of Environment, Economy, Planning and Transportation (ADEPT)

APPENDIX D2 – SENIOR OFFICERS

**HMEP**  
Highways Maintenance Efficiency Programme

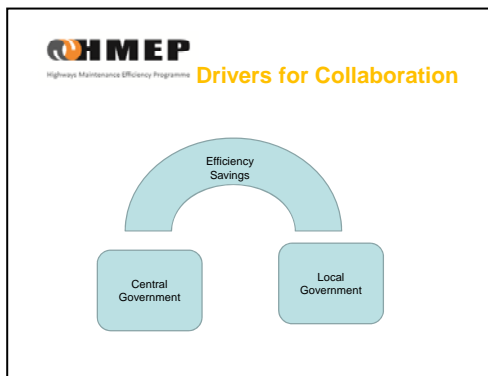
**Why You Should be Considering a  
Local Highway Authorities  
Collaborative Alliance  
and  
Setting up and operating an Alliance**

Accompanies the Collaborative Alliance Toolkit July 2012  
Appendix D2 – Senior Officers

**HMEP**  
Highways Maintenance Efficiency Programme

**A Local Highway Authorities  
Collaborative Alliance is defined as:**

**“a grouping of more than two LHA’s who  
carry joint procurements and / or  
develop and implement good practices  
to improve their efficiency and customer  
service”**



**HMEP**  
Highways Maintenance Efficiency Programme **Drivers for Collaboration**

**Central Government**

The National Infrastructure Plan (Nov 2011) seeks to reduce costs of delivering services giving savings of between £20bn - £30bn over the next decade

*“HMEP recognises the value of more collaborative working because it provides real opportunities for economies of scale and cost savings without undermining local sovereignty”*  
*Norman Baker, MP*

**HMEP**  
Highways Maintenance Efficiency Programme **Drivers for Collaboration**

**Local Government**

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Furthermore, given shrinking budgets, you want as much expenditure as possible being directed towards front-line services.

Collaboration between authorities through a highway alliance delivers these goals

**HMEP**  
Highways Maintenance Efficiency Programme **Drivers for Collaboration**

**Efficiencies**

A highway alliance saves money because it:

- Reduces duplication (for example, authorities otherwise separately procuring similar services);
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**HMEP**  
Highways Maintenance Efficiency Programme **Why?**

**Alliances between authorities deliver significant efficiencies of up to 10% of throughput by collaboratively working**  
(Collaborative Alliance Toolkit –HMEP July 2012)

*“For all benefits there is no loss of sovereignty for the individual authority nor is it an imposition on resource”.*  
(Mathew Lugg - Chair of HMEP Project Board)

**HMEP**  
Highways Maintenance Efficiency Programme **Why?**

Participation in an alliance demonstrates “outward” rather than “inward” thinking and the key benefits of an alliance are summarised as:

- Lower costs because of increased work and economies of scale for contractors/suppliers.
- Shorter delivery time because of easier contractor selection.
- Less risk of cost increases and time over-runs because of better incentivisation of contractor/suppliers and longer term supply relationships.
- Better integration of supply chain, helping local firms/small and medium size enterprises.
- Savings in client “on-costs” so more money can be spent on “services”.
- Improved ability to demonstrate value for money.
- Up-skilling of clients and more cost effective training for clients and the supply chain.
- Innovation is encouraged, demonstrated to others and adopted by others.
- Builds confidence between member authorities which encourages more collaboration/sharing.
- Consistency of processes, measurement and standardisation of specification

**HMEP**  
Highways Maintenance Efficiency Programme

## Why?

A successful alliance is likely to be promoting collaboration in three main areas:

- Primary highway maintenance activities**  
Often the initial streams delivered by alliances generating immediate and obvious quantifiable benefits, these have included works frameworks, term maintenance frameworks and commodities supply frameworks.
- Secondary highway activities**  
Activities that have been delivered at an initial start up but often considered after the first couple of years of alliance operation, these have included professional services frameworks, joint training, production and use of joint specifications, lean processes, innovation and recycling and supply chain re-engineering.
- Activity opportunities that exist because of the formation of the alliance**  
Activities often outside of highways maintenance delivered within a maturing alliance or identified as specific needs of individual members. These have included shared services and back office activities such as ticketing, enforcement and Traffic Management Act activities.

**HMEP**  
Highways Maintenance Efficiency Programme

## How

The HMEP Collaborative Alliance Toolkit (July 2012) has been written to assist highways authorities set up and operate an alliance. This will substantially reduce the time and costs required.

The Toolkit has been developed through the following actions:

- An initial survey of all English local highway authorities was undertaken in October 2011 by the HMEP to determine what alliances were in existence and how they operated - including their experiences of forming a highway alliance.
- The toolkit content is drawn from both the survey and experience of best practice drawn together from within the construction sector and from consultants that have assisted the establishment of alliances in the past.
- Current highway alliances were identified and their respective managers interviewed. To establish lessons learnt and good practice.

**HMEP**  
Highways Maintenance Efficiency Programme

The diagram opposite illustrates the steps required for setting up and operating a highway alliance.

Within the toolkit each of these steps is covered in detail and include case studies and examples wherever possible, from existing alliances as well as the challenges overcome and lessons learnt

**HMEP**  
Highways Maintenance Efficiency Programme

## Key Requirements

Currently there are 6 number highway alliances established. The key factors given for setting up and operating the alliances are:

- Leadership**
  - Momentum and enthusiasm from the top down and identify lead authorities for the Alliance as a whole
- Aims and Objectives**
  - Need to reflect the member authorities
- Communications**
  - Essential for the success of the Alliance
- Operating the Finances**
  - Determine the type of funding mix, uncharged resource input and or subscriptions and or levies for alliance products

**This is the key role for the Senior Officers support and enthusiasm to ensure the successful Launch and Operation of the Alliance**

**HMEP**  
Highways Maintenance Efficiency Programme

## Lessons Learnt

- Need Alliance Management** - Most respondents indicate that some form of alliance management is essential
- Be Aware of Blockages and Challenges** – Examples faced include:
  - Overcoming inertia of current practice; Lack of buy-in; Too reliant on individuals; Missed savings; Building trust; Resource
- Need the Alliance not just the Product streams** – If the alliance is to develop it is important that it fosters a constructive interplay of ideas so that it becomes more than just a series of work-streams.
- Need Lead Authorities for each Work Stream** -The active participation of several authorities is important to the success of an alliance. Most surveyed had different authorities leading different work-streams. This distributes and builds ownership of the alliance and avoids one authority being "saddled" with the bulk of the work.
- Avoid becoming a "Talking Shop"** - Alliances need to be output and outcome driven.
- Measure the Alliance Performance** – Annual Reviews

**HMEP**  
Highways Maintenance Efficiency Programme

## GOVERNANCE

- Several current alliances have a formal agreement, although not all. Whilst a formal alliance agreement is not essential it does:
  - signify that authorities have made a strategic decision to enter into something more than a casual arrangement to work together.
  - Defines the entity of the alliance an advantage when it goes to the market to procure services and when it bids for grants.
- An unincorporated association by agreement is a common basis for agreements.

The diagram opposite indicates a common example of governance structures currently being used.

**HMEP**  
Highways Maintenance Efficiency Programme

## Funding

Current alliances collect their funding from a mix of the following streams:

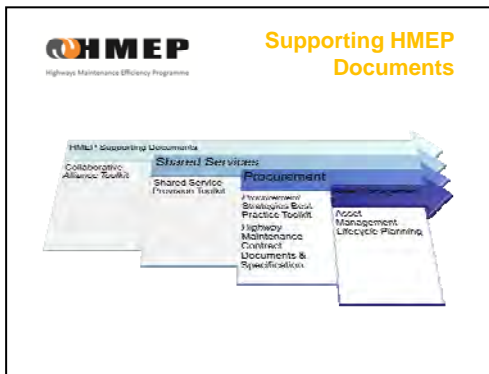
- Subscriptions** –members pay annual subscriptions. Typically these are up to £10k per authority, with smaller authorities paying half the larger authorities' fee.
- Joining fee** – Alliances tend not to charge for founding members but some have effectively charged a joining fee for subsequent membership.
- Fees** – Several alliances charge fees for using services they have set up. For example for works frameworks, this is typically a percentage of throughput works set at 1% of the target cost for the works package, payable when a task order is issued.
- Resources** – members donate their personnel and resources free of charge

**HMEP**  
Highways Maintenance Efficiency Programme

## Timescales & Support

From the current highway alliances interviewed the timescale for setting up an alliance and identifying the first work stream to undertake varies from 12 to 18 months.

With the support of the HMEP toolkit that sets out step by step the actions to be taken and the challenges to be overcome and with leadership from yourselves this process is now envisaged to be reduced to 6 to 12 months




**HMEP**  
Highways Maintenance Efficiency Programme

Thank you for your time and interest

If you would like to discuss any further aspects of forming and operating an highway alliance please contact:

- **Matthew Lugg –Chair of the HMEP Project Board**  
Past President of Association of Director of Environment, Economy, Planning and Transportation (ADEPT)

APPENDIX D3 – OFFICERS



Highways Maintenance Efficiency Programme

## Setting up and operating a Local Highway Authorities Collaborative Alliance

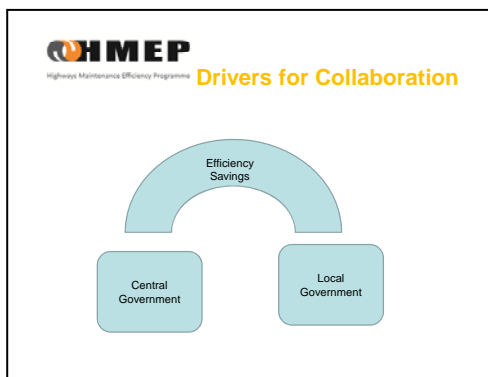

Accompanies the Collaborative Alliance Toolkit July 2012  
Appendix D3 – Officers



Highways Maintenance Efficiency Programme

### A Local Highway Authorities Collaborative Alliance is defined as:

**“a grouping of more than two LHA’s who carry joint procurements and / or develop and implement good practices to improve their efficiency and customer service”**


Highways Maintenance Efficiency Programme **Drivers for Collaboration**

### Central Government

The National Infrastructure Plan (Nov 2011) seeks to reduce costs of delivering services giving savings of between £20bn - £30bn over the next decade

*‘HMEP recognises the value of more collaborative working because it provides real opportunities for economies of scale and cost savings without undermining local sovereignty’*

*Norman Baker, MP*




Highways Maintenance Efficiency Programme **Drivers for Collaboration**

### Local Government

Local politicians want to be assured that their local highways service delivery is as efficient and effective as possible.

Furthermore, given shrinking budgets, you want as much expenditure as possible being directed towards front-line services.


Collaboration between authorities through a highway alliance delivers these goals



Highways Maintenance Efficiency Programme **Drivers for Collaboration**

### Efficiency Drivers:

- Quantifiable Savings
- Reduction in Procurement costs
- Reduction in Operating Costs
- Shared Innovations



Highways Maintenance Efficiency Programme **Quantifiable Savings**


Current Alliances are generating tangible savings from a wide range of activities that include:

**Frameworks for:**

- Works
- Term Maintenance
- Commodities Supply
- Professional Services

**Savings of £16.75 million** have been identified for MHA members by 2013 at an average saving of £4m per annum through diverse work-streams for the last 4 years.

**Commodities Savings**  
Actual - Winter salt = £400k one off (6%)  
Forecast - Lanterns - 40% savings (projected)



Highways Maintenance Efficiency Programme **Quantifiable Savings**

Current Alliances are also generating tangible savings from:

- Joint Training
- Standard Specifications
- Lean Processes
- Innovation & Recycling
- Supply Chain Re-engineering
- Shared Services

**Lean Processes:**  
Maintenance delivery – forecast savings of £100k per annum.  
Reactive repairs – forecast savings of £400k per annum.

**Joint Training:**  
• Utilisation of training grants.  
• Economies of scale reducing cost per person.  
• Ensuring graduates enter the industry.

**HMEP**  
Highways Maintenance Efficiency Programme

## Non Quantifiable Savings

Some Alliance benefits are non quantifiable. These include:

- Sharing Good Practice / Innovation
- Up-Skilling of LA Staff
- Training by External Advisors

*"It is easy to rely on a few people but if they leave, because of say downsizing, there is a huge re-education process to go through; so get as many people as possible involved" - Peter Barclay, MIRA*

**HMEP**  
Highways Maintenance Efficiency Programme

## How

The HMEP Collaborative Alliance Toolkit (July 2012) has been written to assist highways authorities set up and operate an alliance. This will substantially reduce the time and costs required.

The Toolkit has been developed through the following actions:

- An initial survey of all English local highway authorities was undertaken in October 2011 by the HMEP to determine what alliances were in existence and how they operated - including their experiences of forming a highway alliance.
- The toolkit content is drawn from both the survey and experience of best practice drawn together from within the construction sector and from consultants that have assisted the establishment of alliances in the past.
- Current highway alliances were identified and their respective managers interviewed. To establish lessons learnt and good practice.

**HMEP**  
Highways Maintenance Efficiency Programme

The diagram opposite illustrates the steps required for setting up and operating an highways alliance.

Within the toolkit each of these steps is covered in detail and include case studies and examples wherever possible, from existing alliances as well as the challenges overcome and lessons learnt

**HMEP**  
Highways Maintenance Efficiency Programme

## Setting Up and Operating an Alliance

The following good practice steps for setting up and operating an Alliance have been detailed from existing Alliances

*"For all benefits there is no loss of sovereignty nor is it an imposition on resource". (Mathew Lugg)*

**HMEP**  
Highways Maintenance Efficiency Programme

## Setting Up an Alliance

### Key Requirements

- Leadership
  - Identify lead authorities for the Alliance as a whole
- Governance
  - Consider an Alliance agreement
- Aims and Objectives
  - Need to be reflect the member authorities
- Communications
  - Essential for the success of the Alliance
- Operating the Finances
  - Designate an authority as the Alliance banker

**HMEP**  
Highways Maintenance Efficiency Programme

## Setting Up an Alliance

### Gathering the data for the Alliance Business Case

- Identify the opportunities
- identify existing associations/shared services that could provide "building blocks" for the Alliance.
- identify needs/workloads/forward work programmes and hence work-streams.
- identify likely benefits of an Alliance for particular workstreams
- identify possible lead authorities.
- Identify how Alliance management is to be delivered during the start-up phase.

**HMEP**  
Highways Maintenance Efficiency Programme

## Setting Up an Alliance

### Identifying the Opportunities for Collaboration

Highway alliances generate their efficiencies by collaboration with other members in various work streams, these have and can include:

- works frameworks
- term maintenance frameworks
- commodities supply frameworks
- professional services frameworks
- Joint training
- lean processes
- innovation and recycling
- supply chain re-engineering
- shared services
- back office activities
- production and use of joint specifications

**HMEP**  
Highways Maintenance Efficiency Programme

## Setting Up an Alliance

### Identifying the Governance for the Alliance

- Several current alliances have a formal agreement, although not all. Whilst a formal alliance agreement is not essential it does:
  - signify that authorities have made a strategic decision to enter into something more than a casual arrangement to work together.
  - Defines the entity of the alliance an advantage when it goes to the market to procure services and when it bids for grants.
- An unincorporated association by agreement is a common basis for agreements.

The diagram opposite indicates a common example of governance structures currently being used.



**HMEP** **Setting Up an Alliance**  
Highways Maintenance Efficiency Programme

**Developing the Alliance Business Case**

- Develop individual cost benefit business cases for the individually identified workstream opportunities
- Select the workstream(s) to move forward and the timings
- Incorporate the workstream(s) outcomes together with the costs of the alliance into a 5 year business case for the Alliance as a whole

**Output a time line of funding required**

**HMEP** **Setting Up an Alliance**  
Highways Maintenance Efficiency Programme

**Identify the funding source(s)**

Current alliances collect their funding from a mix of the following streams:

- **Subscriptions** – members pay annual subscriptions. Typically these are up to £10k per authority, with smaller authorities paying half the larger authorities' fee.
- **Joining fee** – Alliances tend not to charge for founding members but some have effectively charged a joining fee for subsequent membership
- **Fees** – Several alliances charge fees for using services they have set up. For example for works frameworks, this is typically a percentage of throughput works set at 1% of the target cost for the works package, payable when a task order is issued.
- **Resources** – members donate their personnel and resources free of charge

**HMEP** **Operating the Alliance**  
Highways Maintenance Efficiency Programme

**Key Requirements**

- Continuous Improvement and Gauging the Efficiency
  - Establish Alliance KPI's, Review at a minimum annually
- Identifying New Opportunities
  - Fundamental to continuous improvement and moving the Alliance towards maturity
- Training
  - Up-skilling of staff through working in the Alliance governance
- Identifying and Recording Savings
  - Commitment to quantifying savings and innovations is paramount
- Sharing Innovations and Improvements
  - Identify and have other authorities adopt them

**HMEP** **Lessons Learnt**  
Highways Maintenance Efficiency Programme

**Experience of current Alliances**

- Alliance Management – crucial usually a single individual
- Blockages / challenges:
  - Overcoming inertia of current practice
  - Lack of Buy-in
- Missed Savings – important to demonstrate successes
- Building Trust – important for new opportunities
- Politicians and Senior Offices – at the least regularly briefed
- Need for an Alliance Not just Product Streams
- Measure the Alliance as a Whole on KPI Outcome
- Avoid "Talking Shops"
- Publicise Successes

**HMEP** **Supporting HMEP Documents**  
Highways Maintenance Efficiency Programme

**HMEP**  
Highways Maintenance Efficiency Programme

Thank you for your time and interest

If you would like to discuss any further aspects of forming and operating a highway alliance please contact:

- Matthew Lugg –Chair of the HMEP Project Board  
Past President of Association of Environment, Economy, Planning and Transportation (ADEPT)

### Operating an Alliance

The support required in managing the Alliance is also contained within this Toolkit. The training and support required to operate the chosen activities/work-streams of the Alliance is entirely dependent on that choice. A table containing a matrix of training requirements that have been identified and collated in existing Alliances is reproduced below.

## Example Training Workshop Modules for Operating Collaborative Highway Alliances

Objectives	Description
<b>Collaborative Contracts and Incentivisation</b>	
<b>Module 1</b> <b>Introduction to Collaborative contracts, Target Costing and Incentivisation</b>	This introduction will cover three key areas: <ul style="list-style-type: none"> <li>• Collaborative principles within the contract.</li> <li>• Partnership culture and behaviour.</li> <li>• Partnership values.</li> </ul>
<b>Module 2</b> <b>Target costing and incentivisation – Intermediate Level</b>	This intermediary level takes over from the introduction overview and explores in more detail the issues of: <ul style="list-style-type: none"> <li>• Target cost setting.</li> <li>• Incentivisation.</li> <li>• Open book reviews.</li> </ul>
<b>Module 3</b> <b>Risk Management</b>	A stand alone module that explores the full gamut of joint risk management within a collaborative, Open Book Cost Management contract. <p>Evaluating:</p> <ul style="list-style-type: none"> <li>• Contract risk.</li> <li>• Operational risk.</li> </ul>
<b>Module 4</b> <b>Integrated planning and programming</b>	This module focuses on the importance of joint planning and programming.
<b>Module 5</b> <b>Practical interactive exercise</b>	This module reinforces and practices the use of the key commercial processes described in modules 1 to 3 in a safe environment. <p>Attendees will have practiced through an exercise.</p>
<b>Collaborative Contracts</b>	
<b>Module 6</b> <b>Introduction to the NEC suite of contracts</b>	This model develops the understanding of the contents and processes of the NEC suite of contracts.
<b>Module 7</b> <b>Role of the project manager</b>	A stand alone module covering the unique role and responsibility that the project manager holds in the NEC collaborative suite of contracts.

<b>Objectives</b>	<b>Description</b>
<b>Module 8</b> <b>Frameworks</b>	A training module for works framework.
<b>Collaborative working</b>	
<b>Module 9</b> <b>Collaborative Working</b>	This module covers the softer issues of working in a collaborative contract.
<b>Module 10</b> <b>Team Building</b>	This module develops the key teams to work effectively and efficiently.
<b>Continuous Improvement</b>	
<b>Module 11</b> <b>A practical introduction to process re-engineering</b>	This module helps participants to understand the rigours of process mapping and to evaluate this process in order to identify waste and re-engineer part or the whole of the process where necessary.
<b>Module 12</b> <b>Designing out waste</b>	This model develops in more detail and in practice from module 11.
<b>Joint Training between Alliance Members</b>	
<b>Health and Safety</b>	Including Construction, Design and Management regulations, Institution of Occupational Safety and Health and National Examination Board in Occupational Safety and Health.
<b>Roadman training</b>	
<b>Traffic Management</b>	Sector 12
<b>Highways Inspector training</b>	
<b>Winter Service</b>	
<b>Plant Operatives</b>	
<b>CSCS</b>	
<b>Driver training</b>	
<b>Training schemes</b>	Graduate and Technician

Once the training required has been identified then a programme should be developed and monitored for its implementation. Attached as an example is an extract from the Employment and Skills Plan Progress Report for the MHA that monitors the annual targets set for the plan against key performance indicators.

<b>Midlands Highways Alliance (MHA)</b>		
<b>Employment and Skills Plan Progress Report</b>		
Project Lifespan: <b>November 2010 to October 2014</b>		Annual Target for Year 1
<b>2010 ESP Outcomes</b>		
	<b>Key Performance Indicators</b>	
1.2.7	Construction in the Built Environment Diploma work placement	5
1.2.8	CBE Diploma consortia membership	
1.2.9	CBE Diploma curriculum development	
1.2.10	CBE Diploma curriculum support activities	
1.7.5	Graduates recruited	31
1.7.10	Apprentice starts	35
1.7.11	Apprentice completions	9
1.8.1	Jobs advertised through local employment vehicles	17
2.4.2.10	NVQ starts for subcontractors	74
2.4.2.11	NVQ completions for subcontractors	33
3.1.2	Training Plans for subcontractors	420
3.2.2	Supervisor training for subcontractors	38
3.2.3	Leadership & Management training for subcontractors	140
3.2.12	Advanced Health & Safety training for subcontractors	63
	<b>Underpinning Targets</b>	
1.1.1	Education Provider Agreements	16
1.10.1	Supply Chain Briefings	168
2.3.2	Individual Skills Profile	140
3.2.1	Business Skills Diagnosis Support & Advice for subcontractors	35

APPENDIX E – MIDLANDS HIGHWAY ALLIANCE AGREEMENT



**MIDLANDS HIGHWAY ALLIANCE**  
**AGREEMENT**  
(including the  
**Preface to the Agreement**)

## PREFACE TO THE AGREEMENT

This Preface to the Midlands Highway Alliance (MHA) Agreement describes the basis on which highway authorities in the Midlands area will work together to create an innovative public partnership to improve the delivery of several aspects of highways services in their respective areas and regionally. It is also a good example of the type of “second generation” initiative advocated by Constructing Excellence, Comprehensive Performance Assessment (CPA) and Value for Money (VfM) principles, as well as a performance-driven culture. The MHA Members - and future highway authorities who may join the MHA – are seeking to maximize the efficiency of their respective in-house resources as well as in their partnerships with each other and contractors. This Preface sets out the best principles of partnering for an *Unincorporated Association by Agreement* (as set out in the formal, over-arching MHA Agreement itself). The highway authorities in the MHA have placed their faith in the initiative’s success and see the MHA’s work as a valuable contribution to excellence in the provision of public services. The Agreement follows on page 9 [page 89 in this document].

## Introduction

Highway authorities in the MHA will work together to improve their procurement of highway supplies and services so that users recognize that services are both efficient and improving. Each highway authority finds itself in different circumstances and so membership of the MHA does not require each highway authority to participate in every strand of activity. A ‘pick and mix’ approach can be taken though active participation in chosen strands is crucial to success. Funding from the East Midlands Improvement Partnership will initially meet the costs of managing the MHA but, thereafter, founding highway authorities are to make a small, annual financial contribution, as well as being expected to provide staff time for the development of their chosen strands of work that other (but not necessarily all) highway authorities may also derive benefit from. Subsequently, non-founding members will be expected to pay a one-off joining fee as well as the annual fee. These financial arrangements are set out in the following Agreement which should be referred to for clarification of defined terms in this Preface.

The underlying ethos of the MHA is:

- A flexible approach to the procurement of highway services and goods based on a region-wide strategy.
- The further development of Best Value, VfM and construction best practice using the partnering approach for the procurement of private sector partners involving the whole of the relevant supply chains.
- The rationalization of systems and procedures enabling duplication of effort and administrative and support costs to be reduced for the MHA Members.
- The opportunity to foster innovation within the MHA and to make financial savings.
- The creation of more open processes and performance benchmarking partnerships through regional initiatives and with other highway authorities.
- The development of skills to help implement and deliver best practices across the MHA.

Through regional collaboration, the MHA’s strands of work (“workstreams”) seek to innovate and develop new market responses to add value to the continuing provision of services by highway authorities. There are initially five workstreams that may expand in number over the course of time:

- Professional support services.
- Term contracts.
- Medium-sized (from a local government perspective) schemes.
- Major schemes.
- Commodities.



The aim is to provide local government with new procurement processes that balance the need for innovation within public/public and public/private partnerships (whilst satisfying the need for probity) and general compliance with the local authority duty to achieve excellence in performance and continuous improvement in service provision, as well as incorporating relevant central government agencies in such activity.

The MHA is an *Unincorporated Association by Agreement*. It has an Executive Board comprising chief officers or their nominees. The Executive Board agrees the MHA Business Plan and receives six monthly progress reports and it is served by an Alliance Manager. The Executive Board receives reports from the Programme Board that, in turn, agrees and monitors the work of Working Groups set up to progress individual strands of activity. Whilst MHA Members collectively determine (on an annual basis) who chairs the Executive Board and the Programme Board, the Working Groups will be chaired by the highway authority taking the leading role in the associated workstream. The Programme Board and the Working Groups are supported by the Alliance Manager. The expectations are that joint working will enhance what could be achieved from individual highway authorities' service budgets and that the rationalization of systems, processes and practices will improve the delivery of service provision. In turn, this will provide better value because the learning process will provide benefits to all MHA Members individually and the regional service user in the wider context.

All MHA Members recognize that there is still much learning to be done. Based on openness and honesty, there is a great desire for the MHA to succeed.

This Preface is written evidence of the commitment of the MHA Members. The true test of the partnership intent of the MHA will be the delivery of the high quality and cost effective services that is recognized as such by central government, private sector partners, the elected local authority council members and the public that the MHA seeks to collectively serve.

### **Aim and Objectives of the MHA**

#### *Aim*

To help highway authorities improve highway services in the Midlands area and help them deliver efficiency savings.

#### *Objectives*

1. To establish and develop collaborative procurement framework(s) to secure the delivery of major highway schemes.
2. To establish and develop collaborative framework(s) to deliver medium size (highway) schemes.
3. To establish, implement and develop a continuous improvement model for highway term contracts to achieve convergence to best practices.
4. To establish and develop other collaborations for highway activities, such as the procurement of commodities and professional services, as agreed by the MHA Members.
5. To embed partnering principles and construction best practice in all its work and throughout the supply chains.
6. To promote and publicize the work of the MHA.

### Statement of Principles of the MHA

- 1 All MHA Members recognize that public services in the Midlands area need innovation if continuous improvement, successful performance and savings are to be achieved. The MHA can be a model for others to emulate;
- 2 MHA Members welcome the opportunity to develop this initiative and the MHA aspires to help local authorities achieve and maintain a leading position in the provision of efficient and effective public services through this arrangement and provide central government agencies with the opportunity to be part of this initiative;
- 3 The MHA will, therefore:
  - Develop openness and trust between highway authorities in the Midlands area where there are obvious synergies to be found.
  - Encourage a step change in innovation and continuous improvement.
  - Share openly successes and learn from initiatives that are less successful.
  - Encourage staff to develop through participating in the work of the MHA.
- 4 The MHA believes that the delivery of proposed collaborations to the people of their respective host authorities should be carried out in a way that is both responsive to the needs of local communities and within the new collaborative frameworks agreed by and between the city and county councils and other parties. The MHA believes that this is best achieved by adopting a flexible approach to service delivery which will enable a quick, efficient and effective response to be made.
- 5 The MHA is aware of the constant pressures for change in local government and highways and transportation services, in particular from:
  - Central government legislative, regulatory and other activities;
  - Rise in public expectation.
  - The need to develop a greater use of resources and a “more from more” approach rather than a “more from less” philosophy.
- 6 The MHA seeks to achieve continuous improvement in the cost and quality of service provision and thereby demonstrate even better VfM to re-affirm or enhance MHA Members’ respective ratings under CPA (where applicable) and contribute (as far as is practicable) to savings
- 7 The MHA will promote collaborative procurement in accordance with a brief from the Centre of Excellence: Learning Skills Council. The successful linkages between a number of local authorities and private sector partners will demonstrate and endorse a new partnering model.
- 8 The MHA Members have a shared understanding of Best Value, Constructing Excellence and the need to demonstrate good and continuing performance. The MHA balances both supplementary and complementary skills and resources for mutually beneficial partnering arrangements.

- 9 The MHA is committed to making this initiative a demonstration of best practice in the Midlands area. The MHA will provide opportunities to monitor service delivery by each of the MHA Members both for themselves and for each other and to compare with the private sector. Performance and processes of all MHA Members will be benchmarked.
- 10 VfM will be demonstrated and audited with quantitative performance targets and open book accounting.

### Monitoring

- 1 *The MHA seeks to ensure services are delivered on a continuing cost-effective basis through forging long-term alliances. Rigorous performance measurement will consider:*
  - Best overall value for money.
  - Attitude to collaborative working.
  - Ability to innovate and to offer efficient solutions.
- 2 The MHA expects that its work, through the association of highway authorities and private companies will demonstrate new criteria for collaborative working which will become a significant contribution to the work of highway authorities in the Midlands area for providing quality and innovation.

### Footnote

This document is based on the Three Counties Professional Services MOU originally prepared by Nottinghamshire County Council.

This document was prepared by AWJ, CWC/Constructing Excellence (29<sup>th</sup> May, 27<sup>th</sup> June and 20<sup>th</sup> November 2007) and MGS, Leicestershire County Council (14<sup>th</sup> June and 23<sup>rd</sup> November 2007).

## MIDLANDS HIGHWAY ALLIANCE AGREEMENT

THIS AGREEMENT (hereinafter referred to as the “Agreement”) is made on 26<sup>th</sup> November 2007

BETWEEN

- (1) LEICESTERSHIRE COUNTY COUNCIL of County Hall, Glenfield, Leicester, LE3 8RA
- (2) LEICESTER CITY COUNCIL of New Walk Centre, Welford Place, LE1 6ZG
- (3) LINCOLNSHIRE COUNTY COUNCIL of County Offices, Newland, Lincoln, LN1 1YL
- (4) NOTTINGHAMSHIRE COUNTY COUNCIL of County Hall, West Bridgford, Nottingham, NG2 7QP
- (5) NOTTINGHAM CITY COUNCIL of the Guildhall, South Sherwood Street, Nottingham NHG1 4BT
- (6) PETERBOROUGH CITY COUNCIL of Town Hall, Bridge Street, Peterborough PE1 1QT
- (7) DERBYSHIRE COUNTY COUNCIL of County Hall, Matlock, DE4 3AG
- (8) DERBY CITY COUNCIL of The Council House, Corporation Street, Derby, DE1 2FE
- (9) NORTHAMPTONSHIRE COUNTY COUNCIL of County Hall, Northampton, NN1 1DN
- (10) RUTLAND COUNTY COUNCIL of Catmose, Oakham, Rutland, LE15 6HP
- (11) THE HIGHWAYS AGENCY of 123 Buckingham Palace Road, London, SW1W 9HA (“Highways Agency”)

such that the above parties shall together be known as the Midlands Highways Alliance” (hereinafter referred to as the “MHA”) and shall be regarded as “founding members”.

WHEREAS:

- a. The MHA in entering into this Agreement describes how it wishes to work together in the spirit of co-operation in relation to the joint procurement of highway-related services for each member of the MHA.
- b. The MHA therefore wishes to enter into this Agreement to reflect the expectation of the parties and to set out the practical working relationships to achieve the MHA’s objectives.
- c. The parties have agreed that, from the date of this Agreement, the arrangement set out in this Agreement will be formally known as the “Midlands Highways Alliance”.

- d. The parties acknowledge that, in carrying out any business on behalf of the MHA, they will comply with the rules and regulations relating to their own organisations.

IT IS HEREBY AGREED as follows:

1 Definitions

- 1.1 In this Agreement, unless the context otherwise requires, the following expressions have the following meanings:
- 1.1.1 "Alliance Manager" means the person appointed pursuant to Clause 5.10 to provide technical and operational advice and assistance to the Board (as defined in Clause 1.1.4).
- 1.1.2 "Assets" means any ICT equipment, software, licences and other equipment or assets owned by individual parties where the original owner has purchased or leased such equipment without any monetary assistance from the MHA but used in connection with any arrangement.
- 1.1.3 "Authority" shall mean any organisation that is a member of the MHA that acts as a highway authority and thereby seeks to contribute and derive benefit from its membership of the MHA.
- 1.1.4 "Board" means the Executive Board appointed pursuant to Clause 5.2.
- 1.1.5 "DPA" means the Data Protection Act 1998.
- 1.1.6 "FOIA" means The Freedom of Information Act 2000.
- 1.1.7 "Financial Year" means the 1<sup>st</sup> April of one calendar year to the 31<sup>st</sup> March of the following calendar year during the term of this Agreement.
- 1.1.8 "MHA Member" means any of the parties currently participating in the MHA identifiable as a founding member or a highway authority subsequently joining the MHA being a new member.
- 1.1.9 "Personal Data" means personal data as defined by the "DPA".
- 1.1.10 "Working Days" means any day save for Saturdays, Sundays and Public Holidays in England.
- 1.2 Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended, or re-enacted.
- 1.3 Words importing the singular include the plural, words importing any gender include every gender, and words importing persons include bodies corporate and unincorporated and in each case vice versa.
- 1.4 The paragraph headings and titles appearing in this Agreement are for reference only and shall not affect its construction or interpretation.

2 Agreement

- 2.1 In consideration of the contributions by the MHA, each MHA Member hereby agrees to co-operate with the other MHA Members in relation to the MHA pursuant to the terms of this Agreement and in accordance with the reasonable directions of the Board.
- 2.2 Insofar as it is within their powers to do so, each MHA Member shall in good faith work together, consult each other and co-operate with each other in relation to the MHA.
- 2.3 The MHA Members shall collectively and individually, faithfully and diligently and with all due skill and care perform such duties and exercise such powers as set out in this Agreement.
- 2.4 Notwithstanding the terms of this Agreement, each MHA Member shall individually contract with any private sector provider of goods and or services (as appropriate) in relation to the MHA.
- 2.5 From the date hereof, the collective name that brings together all MHA Members for the purposes of this Agreement shall be “Midlands Highways Alliance” (the “Name”) and each MHA Member hereby acknowledges and agrees that all proprietary and other rights in the Name are vested jointly in the MHA.
- 2.6 The Name shall not be amended unless agreed unanimously by the Board.
- 2.7 Each of the MHA Members hereby warrants that it has the power to enter into this Agreement and has obtained all necessary approvals to do so.
- 2.8 Each MHA Member further warrants and undertakes that it is not aware as at the date hereof of anything within its reasonable control which might adversely affect its ability to fulfil its obligations pursuant to this Agreement.

3 Responsibilities of the MHA (including funding arrangements)

- 3.1 Notwithstanding any contribution made pursuant to the terms of this Agreement, for the avoidance of doubt the internal operating costs of each MHA Member shall be borne by that MHA Member.
- 3.2 Each MHA Member shall employ appropriately trained and skilled staff to discharge any of its duties pursuant to this Agreement. Each MHA Member shall be solely liable for any actions or claims made by or in respect of such staff.
- 3.3 Each MHA Member shall provide sufficient administrative resources, staff, office and other facilities as shall be reasonably necessary to enable the MHA Members to discharge their respective roles, duties and functions in relation to this Agreement. The resources required to support the MHA will be reviewed by the Board annually on or before the commencement of each Financial Year.

- 3.4 The MHA Members have agreed to contribute to the cost of the Alliance Manager, publicity and running costs (including but not limited to meeting venues) and provide staff at no cost to the MHA. Such contributions and the proportion of the same to be borne by each MHA Member is to be reviewed annually by the Board on or before the commencement of each Financial Year (the "Annual Contribution") and formally agreed in writing. The Annual Contribution from MHA Members that shall apply for the 2008/9 Financial Year is £2,500 for unitary councils, £5,000 for county councils and £5,000 for the Highways Agency. Notwithstanding this, it is anticipated that such costs will initially be met from contributory funding from the East Midlands Improvement Partnership but, irrespective of the date on which such contributory funding shall expire, each MHA Member shall be expected to provide its Annual Contribution by 30 June of each year during the term of this Agreement. Subject to contrary agreement by the Board, Leicestershire County Council shall control the bank account designated for use by the MHA.
- 3.5 The Board shall be at liberty to waive any Annual Contribution due from an MHA Member, in the reasonable opinion of the Board, if such MHA Member provides a significant amount of staff time equivalent to or in excess of the relevant Annual Contribution and such staff time is specifically directed towards the achievement of the MHA's aim and objectives in the reasonable opinion of the Board. Unless the Board shall determine any other reason for an MHA Member not making its Annual Contribution by the due date, a failure to make the contribution shall be regarded as justifiable grounds for the exclusion (temporary or permanent) of an MHA Member from the MHA.
- 3.6 Any party not listed as a "founding member" but wishing to become an MHA Member (the "New Party") shall do so only on the approval of the Board and upon the New Party entering into a deed of adherence (in a form satisfactory to the MHA Members) covenanting with the MHA Members to observe, perform and be bound by all the terms of this Agreement which are capable of applying to the New Party. The New Party shall be called upon to not only make an Annual Contribution for the Financial Year in which it joins the MHA but to also make a contribution towards the costs previously incurred by the founding members (and/or subsequent MHA members) in the work of the MHA. This additional contribution expected from such new MHA Member shall be:
- (a) 75% of the [aggregate] Annual Contribution from the preceding Financial Year ("Year One");
  - (b) 50% of the [aggregate] Annual Contribution from the Financial Year immediately preceding Year One ("Year Two"); and
  - (c) 25% of the [aggregate] Annual Contribution from the Financial Year immediately preceding Year Two.

3.7 The Board shall determine whether there shall be any other form of membership of the MHA and accordingly determine the nature of that membership and the contribution expected towards the costs of the MHA for both the current Financial Year in which membership is sought and for previous Financial Years.

#### 4 Dispute Resolution

4.1 The MHA Members agree that any complaints or disputes between them as to the MHA and any proposal by an MHA Member to withdraw from the MHA shall be dealt with in the first instance in accordance with this Clause.

4.2 Any complaint about the administration (including finances) of the MHA shall be considered by the Board who shall receive a report from the relevant MHA Member on the matter.

4.3 Save as to the exercise by any MHA Member of its right to refer a matter to mediation under Clause 4.4 or to withdraw from the MHA under Clause 6.3 the substance of any complaint which the MHA has not been resolved to the satisfaction of the MHA Members by the Board may be referred to the Chief Officers of the relevant MHA Members.

4.4 If an MHA Member is not satisfied with the result of the operation of Clauses 4.2 and 4.3 or any other case where an MHA Member has a dispute over the operation of this Agreement then that MHA Member may refer the matter to the Centre for Effective Dispute Resolution for Mediation.

4.5 The provisions of this Clause 4 shall be operated in good faith and with the maximum speed and efficiency commensurate with treating all MHA Members fairly. The MHA Member shall take all reasonable steps to resolve any disputes whether by negotiation, mediation or other appropriate form of dispute resolution procedure and the MHA Members shall only have recourse to any legal proceedings in the event of the failure of such bona fide endeavours to resolve the dispute in question.

#### 5 Management of the Midlands Highways Alliance

5.1 The co-ordination, supervision and management of the performance of this Agreement shall be conducted by the Board.

5.2 The Board shall be comprised of one duly authorised officer representative of each of the MHA Members. Each officer representative shall be entitled to attend all meetings of the Board. The duly authorised officer representatives of the MHA Members at the date of this Agreement are set out in Schedule 1.

5.3 The duly authorised representatives can be replaced at any time by the appointing MHA Member and proxies can be appointed at the sole discretion of the MHA Members.



- 5.4 Prior to the commencement of each Financial Year during the term of this Agreement, the MHA will unanimously appoint an individual to head the Board (the “Chair”) from the current members of the Board and the Chair will hold such post until the meeting of the Board next following the expiration of one year from the date of such appointment.
- 5.5 The Board shall meet not less than twice in each Financial Year. The Board will hold such other meetings from time to time as may be necessary to carry out its functions. A meeting of the Board must be convened if requested at any time by notice given by a member of the Board, such notice to be in writing to all other members of the Board, and such meeting shall be convened within twenty Working Days of the date of such written notice.
- 5.6 Notices of meeting of the Board shall specify the place, day and hour of the meeting and shall contain an agenda of the matters to be discussed.
- 5.7 All matters to be considered at a meeting of the Board or to be determined by the Board shall be decided by majority decision. In reaching any decision on matters to be considered by or determined by the Board, each member of the Board shall have one vote. In the event of an equality of votes, the Chair will have a casting vote.
- 5.8 Unless otherwise agreed in writing by the MHA Members, the quorum for a meeting of the Board shall be a minimum of 75% of the duly authorised representatives of all MHA Members who have been appointed pursuant to Clause 5.2 from time to time.
- 5.9 The Board shall *inter alia* monitor and direct the performance of each MHA Member’s obligations and duties pursuant to this Agreement, all administrative, technical and managerial matters relating to the MHA, the admission of new members to the MHA, the workings and effectiveness of this Agreement and to advise on any variations which may be appropriate.
- 5.10 Subject to the unanimous agreement of the Board, the Board may appoint an Alliance Manager who shall be entitled to attend meetings of the Board and perform such duties as the Board may from time to time determine PROVIDED THAT the Board shall only be able to delegate powers or duties to the Alliance Manager which itself has.
- 5.11 In the event that any dispute or difference between the members of the Board arises out of any decision to be made by the Board, the MHA Members shall seek to resolve the dispute or difference amicably by using an alternative dispute resolution (“ADR”) procedure acceptable to the Board before pursuing any other remedies available to them.
- 5.12 If any member of the Board fails or refuses to agree or participate in the ADR procedure, or if in any event the dispute or difference is not resolved within 30 days after it has arisen the Board shall make the decision by a majority vote.

## 6 Duration, Termination, and Expulsion

- 6.1 This Agreement shall be deemed to have been effective from 17<sup>th</sup> July 2007 and shall subject to the remaining provisions of this Clause continue in force until termination.
- 6.2 In the event that one MHA Member is in breach of its obligations herein (“the Defaulting Party”) then (without prejudice to any other rights) any of the remaining MHA Members may serve a written notice upon the Defaulting Party (with a copy to all of the other MHA Members and a report in this respect shall be presented to the next meeting of the Board) to remedy the breach upon such reasonable terms and within a reasonable time stipulated in the notice.
- 6.3 Any MHA Member may terminate this Agreement as regards their involvement (having made any Annual Contribution for the Financial Year in which notice of termination is given which is not refundable) upon service of six months notice of termination in writing upon the Chair expiring on the 31 March in any year.
- 6.4 By unanimous agreement of the Board this Agreement can be terminated forthwith.
- 6.5 The following obligations are conditions of this Agreement and any breach of them by an MHA Member shall be deemed a fundamental breach, and such MHA Member shall immediately be expelled from the MHA and, subject to Clause 7 of this Agreement, such MHA Member shall forthwith cease to be a party to this Agreement:
- 6.5.1 failure to comply with a written notice to remedy a breach (such notice to be served in accordance with the provisions of Clause 6.2).
- 6.5.2 if any MHA Member or its employees, or agents with or without that MHA Member’s knowledge has:
- 6.5.2.1 offered, given or agreed to give any member or officer of any other MHA Member any gift or consideration of any kind as an inducement or reward for doing or not doing anything in relation to the obtaining or carrying out of this Agreement or any other contract with the MHA Members or for showing or not showing favour or disfavour to any person in relation to this Agreement or any other contract with the MHA Members; or
- 6.5.2.2 committed any offence under the Prevention of Corruption Acts 1889 - 1916 or given any fee or reward the receipt of which is an offence under Section 117(2) of the Local Government Act 1972.
- 6.5.3 assignment (but not subcontracting) by any MHA Member of any of its obligations hereunder without the prior written consent of the remaining MHA Members such consent not to be unreasonably withheld.

7 Consequences of Termination or Expulsion

7.1 In the event of termination of this Agreement (wholly or partially):

7.1.1 all Assets owned by a MHA Member and used in the provision of the MHA shall remain the property of the owning MHA Member free of any claims by the others;

7.1.2 any intellectual property and/or intellectual property rights generated during the continuance of the MHA shall belong to the MHA Members in equal shares except as otherwise provided in this Agreement;

7.1.3 any Assets which have been loaned to any MHA Member (“the Borrower”) by any other MHA Member (“the Lender”), shall on termination of this Agreement or upon the Borrower or Lender leaving the MHA be immediately returned to the Lender or alternatively (by mutual agreement) the Borrower shall reimburse the Lender with the market value of the Assets.

7.2 In the event that one MHA Member leaves the MHA prior to the termination or expiry of this Agreement it shall do all things that may be reasonably required by the remaining MHA Members to this Agreement (the “Remaining Parties”) so as to enable the Remaining Parties to continue the MHA.

7.3 Neither the termination of this Agreement nor the expulsion of an MHA Member in accordance with Clause 6 of this Agreement shall affect the accrued rights of the MHA Members arising in any way out of this Agreement as at the date of termination or the date of the expulsion (as the case may be), and in particular but without limitation, the right to an indemnity and all provisions which are implied or expressed to survive this Agreement.

8 General

8.1 Nothing herein contained or implied shall prejudice or affect the MHA Members’ rights and powers, duties and obligations in the exercise of their own statutory functions.

8.2 Nothing contained in this Agreement or any action taken by the MHA Members pursuant to this Agreement shall be construed to imply that there is any relationship between the MHA Members of legal partnership as set out in the Partnership Act 1890.

8.3 No MHA Member shall represent itself as being an agent or employee of any other MHA Member or represent itself as having any power or authority to incur any obligation of any nature express or implied on behalf of any other MHA Member.

8.4 This Agreement is personal to the MHA Members and no MHA Member shall assign or transfer to any person any of its rights or subcontract any of its obligations under this Agreement without the consent of the other MHA Members such consent not to be unreasonably withheld or delayed.

- 8.5 Any notice required or permitted to be given by an MHA member under this Agreement shall be in writing and addressed to the Chair at his or her nominated office for such purposes from time to time.
- 8.6 Any notice required or permitted to be given on behalf of the MHA shall be in writing and shall be served by the Board or any person appointed by it for such purposes.
- 8.7 No announcement or information concerning this Agreement shall be made or released or authorised to be made or released in any press release, advertising or publicity or otherwise except such as shall be approved or authorised by all of the MHA Member.
- 8.8 This Agreement is enforceable by the MHA Members and by their successors in title and permitted assignees. Any rights of any other person to enforce the terms of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded.
- 8.9 No failure or delay by any MHA Member to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same or of any other right, power or remedy.
- 9 Confidentiality
- 9.1 Each MHA Member shall use its best endeavours to keep in strict confidence and shall bind all its employees and agents to keep in strict confidence all and any commercial and technical information or confidential information relating to the MHA or the affairs of or concerning any other MHA Member in whatever form acquired by it (whether directly or indirectly) in consequence of this Agreement. No MHA Member shall use or disclose any such confidential information other than for the purposes of the MHA or as expressly permitted by this Agreement save for any information which is or becomes in the public domain through no fault of the disclosing MHA Member or where they are required by law to disclose it.
- 9.2 Obligations of confidentiality set out in the foregoing clause shall survive for a period of two years from the termination of this Agreement.
- 10 Data Protection
- 10.1 Without prejudice to any other provision of this Agreement or the appendices hereto each MHA Member shall at all times comply with the requirements of the DPA and in respect of any personal data processed for the purposes of the MHA, no Personal Data collected or processed for any purposes connected with the MHA shall be disclosed to any other person otherwise than in accordance with the provisions of the DPA.

- 10.2 Each MHA Member shall ensure that it has notified the Information Commissioner in respect of any Personal Data processed by it as a data controller for the purposes of the MHA. In the event that any MHA Member receives a data subject access request or any request for information or any notice from the Information Commissioner they will promptly notify the Board and where relevant the other MHA Members and the other MHA Members will at their own cost give reasonable assistance to such MHA Member to assist such MHA Member in responding to such request or notice.
- 10.3 Each MHA Member who collects Personal Data (“the Collecting Party”) shall secure that in order to process any Personal Data for the purposes of the MHA lawfully and fairly in accordance with the first Data Protection Principle of the DPA that it shall notify the subject of such Personal Data of the purposes for which it is gathered and for which it may be disclosed to the other MHA Members or otherwise. The other MHA Members will notify the Collecting Party of any other purposes for which the other MHA Members would like to use the Personal Data. Each MHA Member agrees to process Personal Data only in accordance with such data collection notices as the Collecting Party has notified to it in respect of such Personal Data. Each MHA Member agrees to immediately cease using Personal Data for any purpose which it is aware that a data subject has objected to. Where necessary the MHA Members undertake to use reasonable endeavours to obtain (as described in this Clause) the consent of the subjects of personal data to be used for the purposes of the MHA.
- 10.4 Any data disclosed by any MHA Member to another for use within the MHA will be held and processed strictly in accordance with the DPA (where applicable) and (subject to Clause 9) any common law obligation of confidentiality.
- 11 Freedom of Information
- 11.1 The MHA Members agree that this Agreement is subject to the full effect of the FOIA. Any MHA Member may disclose information forming part of this Agreement or information they hold about the other MHA Members to anyone who makes a request for information under the provisions of the FOIA but subject to the provisions of this clause.
- 11.2 Promptly upon receipt of a request received by any MHA Member(s) for the disclosure of any information in respect of this Agreement relating to the other MHA Members, the relevant MHA Member(s) shall notify the other MHA Members in writing giving them 5 Working Days in which to respond. If there is any information which any MHA Member believes is subject to an exemption under the provisions of the FOIA then they should make this clear at the earliest opportunity and within the aforementioned 5 Working Days and the relevant MHA Member will take this into consideration in dealing with a request for information and where this is consistent with the that MHA Member’s duties under the FOIA.

- 12 Indemnity, Liability and Insurance
- 12.1 Each MHA Member shall indemnify the other MHA Members against all costs, expenses, liabilities, injuries, losses, demands, judgments and legal costs arising from a breach of this Agreement by that MHA Member or through that MHA Member's negligence which causes:
- 12.1.1 the death of or personal physical injury to any person ; and
  - 12.1.2 damage or loss in any form to physical property, including land, buildings and chattels (whether one of the remaining MHA Member's property or otherwise);
  - 12.1.3 financial loss to any person or organisation in the MHA; except to the extent that such losses are directly caused by a breach of this Agreement by the injured MHA Member.
- 12.2 Each MHA Member undertakes to indemnify and keep indemnified at all times the remaining MHA Members in respect of any loss, harm, damage or liability that may arise (whether directly or indirectly) from any unlawful disclosure of any information made available to that MHA Member for the purposes of the MHA to the extent that such loss, harm, damage or liability is capable of being compensated in money.
- 12.3 Except in the case of death or personal injury caused by a MHA Member's negligence or fraud or fraudulent misrepresentation, that MHA Member's liability under or in connection with this Agreement, whether arising in contract, tort, negligence, breach of statutory duty or otherwise, shall not exceed the relevant insurance levels referred to in Clause 12.4 or (in the event that such insurances do not relate to the particular liability) the sum of [£1 million]. Furthermore, subject to Clause 12.2, no MHA Member shall be liable to the other MHA Member in contract, tort, negligence, breach of statutory duty or otherwise for any loss, damage, costs or expenses of any nature whatsoever incurred or suffered by that other MHA Member of an indirect or consequential nature [including without limitation any economic loss or otherwise] or for any loss of turnover, profits, business or goodwill or other loss equivalent thereto.
- 12.4 Without thereby limiting their responsibilities under Clauses 12.1 and 12.2 above, each MHA Member shall insure and maintain at all times while this Agreement subsists policies of insurance in respect of their liabilities arising under or in connection with this Agreement with a reputable insurer. Such policies of insurance shall include insurances in respect of public liability in an amount not less than £10 million, professional indemnity in an amount not less than £5 million, and employer's liability in an amount not less than £10 million in respect of any single claim or series of claims made in respect of any incident. Any MHA Member shall supply to any other MHA Member or the remaining MHA Members on request copies of all insurance policies, cover notes, premium receipts and other documents necessary to establish their compliance with this clause.

13 Force Majeure

13.1 No MHA Member shall be liable for delay in performing or failure to perform its obligations if the delay or failure results from events or circumstances outside its reasonable control including without prejudice to the generality of the foregoing fire, flood, Acts of God, riot, civil disturbance, war or sabotage, the coming into force of any statute, statutory instrument, regulation or byelaw of central government or any competent authority rendering the continued performance of the obligations of this Agreement illegal or impossible. Such delay or failure shall not constitute a breach of this Agreement.

13.2 In the event that a MHA Member is prevented from performing its obligations under the terms of this Agreement due to events or circumstances described in Clause 13.1 for a prolonged period and the MHA Members acknowledge that the length of time which constitutes a prolonged period shall be determined by the Board then that MHA Member may serve notice to terminate its involvement in this Agreement with immediate effect upon the other MHA Members.

14 Complaints

14.1 Each MHA Member shall provide all reasonable assistance to the other MHA Members in relation to complaints from third parties relating to the MHA and free access to all information reasonably required by each MHA Member, or auditor appointed by any of them.

14.2 If a complaint of maladministration relating to the failure to comply with any obligations under this Agreement is received it will be dealt with by the receiving MHA Member under that MHA Member's own complaints procedure in consultation with the other MHA Members provided that any outcome that involves additional expenditure for the other MHA Members will be reported to them and resolved under the disputes resolution procedure in Clause 4 if necessary.

15 Governing Law

15.1 This Agreement is made and shall be governed by and construed in accordance with English Law and the MHA Members irrevocably submit to the exclusive jurisdiction of the English Courts of Law.

16 Severance

16.1 The provisions of this Agreement are severable. If any provision of this Agreement shall be held to be invalid or unenforceable by any Court of Law of competent jurisdiction, such invalidity or unenforceability shall not effect the remaining provisions of this Agreement.

17 Variation

17.1 The terms of this Agreement may be amended by mutual consent. Any agreed changes must be evidenced in writing signed by representatives of the MHA Members and attached hereto.

AS WITNESS the hands of the parties the day and year first before  
written

Signed on behalf of

LEICESTERSHIRE COUNTY COUNCIL

.....

Name .....

Position .....

In the presence of

Witness Signature.....

Witness Name .....

Address.....

.....

Signed on behalf of

LEICESTER CITY COUNCIL

.....

Repeat as required for all other authorities in the MHA Alliance.



Schedule 1

Officer Representation on the Board at the date of this Agreement

<b>Organisation</b>	<b>Officer(s)</b>
Leicestershire County Council	
Leicester City Council	
Lincolnshire County Council	
Nottinghamshire County Council	
Nottingham City Council	
Peterborough City Council	
Derbyshire County Council	
Derby City Council	
Northamptonshire County Council	
Rutland County Council	
Highways Agency	

APPENDIX F – INNOVATIONS REGISTER



**INNOVATION REGISTER**

No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
1	All		Have a innovation register to facilitate sharing of best practice / knowledge	✓	✓	✓	✓		To be discussed at monthly contractors meeting
2	All		Improve / standardise performance tool kit / consistency	✓	✓	✓	✓		
3	Tarmac	M69	Maximise use of Etchelon to avoid wastage (EME)	✓	✓		✓	£34,000	Saving in wastage and prelim costs (time)
4	Tarmac	M69	Re-design of safety barrier				✓	£57,000	Additional value as combination of cost saving and additional barrier installed
5	AIGOL	A500/A34 Hanford	Proposed use of Benefil in place of foam concrete		✓		✓	£30,000	
6	AIGOL	A5 Dodwells	During ECI stage, AIGOL requested that island kerb line moved as part of perm works to accommodate barriers and preserve traffic flow. Reduce duration		✓	✓	✓	£230,000	

No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
7	AIGOL	A500/A34 Hanford	Maintain At Risk risk register from ECI through construction period	✓	✓		✓		Long term savings in terms of managed budget confidence
8	AIGOL	A5 Dodwells	ECI - placed bird netting on vulnerable clearance areas to protect July start		✓		✓		Potential delay costs £10k/wk
9	AIGOL	M1 J19 Catthorpe	ECI - Provide CVM level 0 budget using price list rates to assist HA with assessment of emergency scheme	✓	✓	✓	✓		Scheme cost identified early enough to allow scheme re-design
10	AIGOL	M6 14 to 15	ECI - Advised suitable paving options	✓	✓		✓		
11	AIGOL	M6 14 to 15	ECI - advised push over tests to establish ground conditions for safety fencing	✓	✓		✓	£30,000	Although covered by price list rates, defined cost would increase. Typical 50% cost shown
12	AIGOL	M6 J2	ECI - Proposed construction of retaining wall before official commencement date to reduce risk of congestion and accommodate potential design issues later - involved in analysis	✓	✓	✓	✓	TBA	Scheme currently under design
13	AIGOL/ Carillion	M6 J2/ Dumbells	Work as team with concurrent and adjacent schemes	✓	✓	✓	✓		Scheme currently under design
14	Balfour Beatty/ Birse and Carillion		Utilise framework members resources for surfacing - as necessary	✓	✓	✓	✓	TBA	To be assessed at later date

No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
15	AIGOL/ OPTIMA	A500/A34 Hanford	Safe traffic signal crossing system to enable walking bus to cross busy island in one manoeuvre			✓			
16	AIGOL/ OPTIMA	A500/A34 Hanford	Publicity meeting with local stakeholders	✓		✓			
17	AIGOL	A500 Talke	ECI - Provided advanced design programme to keep design team focused on start date		✓		✓		Long leading items can be assessed early
18	AIGOL	A500 Talke	Publicity meeting with local stakeholders	✓					Concerns implemented
19	AIGOL	M6 J2/ Dumbells	ECI - Advance GI survey undertaken - found numerous services, assessed traffic behaviour for main scheme	✓	✓	✓	✓	TBA	Scheme currently under design
20	AIGOL	M1 J20 to 21	ECI - Emergency cross over areas priced and programmed within M1 scheme to save prelim costs and disruption		✓		✓	£144,000	Scheme not taken up
21	AIGOL	A5 Dodwells	ECI - Aldi 278 scheme priced and programmed within Dodwells scheme to save prelim costs and disruption		✓		✓	£56,000	
22	AIGOL	A5 Dodwells	ECI - Advised CN of opportune dates for STATS diversions (20 weeks early)	✓	✓		✓		Potential delay costs £10k / wk
23	AIGOL	A5 Dodwells	ECI - Contractor produced TTRO and Annex D				✓		Saving in back room costs to MAC
24	AIGOL	A500 Talke	ECI - Contractor produced TTRO				✓		Saving in back room costs to MAC

No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
25	AIGOL	M6 J2	Synchronise Carillion/AIGOL target prices and programme to share surfacing, TM and site accommodation packages				✓	TBA	Scheme currently under design
26	AIGOL	M6 J2	ECI - Buildability advice following discussions with supply chain - trenchless crossings, cantilever gantries, retaining wall, safety fencing	✓	✓	✓	✓	TBA	Scheme currently under design
27	AIGOL	Nene Bridge PCC	ECI - Draft phasing programme provided following 1 <sup>st</sup> briefing to aid buildability		✓		✓		
28	AIGOL	Cathedral Sq PCC	ECI - Draft phasing programme provided following 1st briefing to aid buildability and focus design team		✓		✓		
29	AIGOL	Cathedral Sq PCC	ECI - Contractor speaking directly with EDF	✓	✓	✓	✓		
30	All	ALL	Contractors to carry out site safety audits of each others sites			✓			
31	AIGOL	Cathedral Sq PCC	ECI - Sustainable and cost effective alternative to natural stone paving		✓		✓	TBA	Scheme currently under design
32	AIGOL	M6 J14 to 15	ECI - Following site visit, contractors supply chain advised on condition of existing safety fencing - 400m removed from contract				✓	£13,000	

No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
33	AIGOL	A500 Talke	ECI - RSA2 concerns regarding overrun area on west bound off slip. Planned and valued with original scheme. Save 3 weeks		✓		✓	£30,000	Due to ownership issues, this item was kept out of the scheme TP
34	Carillion	A46 Saxondale to Newark Safety Route	The use of hydra-jetting to remove existing white lines to minimise damage to existing wearing course has been employed. This method is quicker than traditional scabbling and leaves no trace of the old line, whereas scabbling can leave a shadow mark.	✓	✓	✓			Reduced programme duration by 2 weeks.
35	Carillion	A5 Wibtoft to Magna Park	Reinstating gully gratings and lids by placing polystyrene inserts and raising the gully by using Ultracrete QC10 (BBA accredited) to ensure early fixing of gratings and high strength gain of the concrete to minimise any potential delay to the re-laying o		✓	✓			
36	Carillion	A5 Wibtoft to Magna Park	Introduction of a small (350mm) planner Wirtgen 1000 converted with a cutting kerb head (weight 20tonne) to remove the PC kerb and concrete bedding to avoid the need for strip widening (scope reduction) to ensure that the programme will be met.	✓	✓	✓	✓		
37	Carillion	A38/A50 Derby Comms	ECI - Reduced office costs by using a smaller set up.				✓	£19,000	

No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
38	Carillion	A38/A50 Derby Comms	Reduced office costs by utilising existing HA & LA depots.				✓		Scheme currently under design
39	Carillion	A38/A50 Derby Comms	ECI - Alternative topographical survey proposed to reduce the impact of TM on a PSA route		✓	✓		£5,000	
40	Carillion and Balfour Beatty / Birse	A5 Wibtoft & A52 Sedgebrook	H&S Advisors from both contractors undertook a site safety visit to each others site in order to share best practice.			✓		£0	
41	Carillion	A5 Wibtoft to Magna Park	Vehicle Marshalls were posted to ensure residential traffic safely passed through the works			✓		£0	
42	Carillion	A5 Wibtoft to Magna Park	Site team undertaken role of Public Liaison and regularly held meetings with residents to discuss the works.			✓		£0	
43	Carillion	A5 Wibtoft to Magna Park	Site Framework News Bulletin issued to the project site team to inform them of framework issues.	✓				£0	
44	Carillion	A46 Dumbells	ECI - Buildability advice, TM sequencing advice and programme advice	✓	✓	✓	✓		Scheme currently under design
45	Carillion	A5 Wibtoft to Magna Park	Tax disc holder used as a permit to enter site for all vehicles. Any vehicle without a "Carillion Inducted" tax disc were easily identified prior to entering site.			✓		£0	

No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
46	Carillion	A5 Wibtoft to Magna Park	A "peg spanner" was used to hold pins and stakes in place to avoid damage to the Chainman holding the pin or stake.			✓		£0	
47	Carillion	A46 Saxondale to Newark Safety Route	Review of site to enable about 10% of existing lane lines to be overlaid as opposed to removed and replaced	✓	✓	✓	✓	£5,000	
48	Carillion	A45 Ryton cycleway	ECI - provided advice on buildability and reduced the volume of blacktop to be replaced.	✓	✓		✓	£4,000	Scheme shelved
49	Birse/Balfour Beatty	A52	Annex E/ECI has allowed full intergration of the supply chain to decelop a robust programme. This was particularly relevant to surfacing and Traffic management		✓	✓	✓		
50	Birse/Balfour Beatty	A52	Undertake additional soil testing to enable better segregation of the most contaminated areas.				✓		
51	Birse/Balfour Beatty	A52	Introduced the Behavioural Safety Programme "Take Care"			✓			This is being rolled out across all Birse / Balfour sites
52	Birse/Balfour Beatty	A52	Issued passes to all the residents directly affected with hotline number for TSO so that they could arrange escort through the works			✓			



No	Contractor	Contract	Suggestion/Idea	Benefit				Potential Saving	Comments
				Quality	Time	H & S	Cost		
53	Birse/ Balfour Beatty and Carillion	A52	Joint health and safety audit undertaken between Balfour and Carillion staff			✓			Recommended at the last Framework Contractors meeting
54	Birse/ Balfour Beatty	A52	Participation with Nottingham University on a Human Factors Study	✓	✓	✓			
55									
56									
57									
58									
59									
60									
								£657,000	

# APPENDIX G – MIDLANDS HIGHWAY ALLIANCE MIDLANDS WORKS FRAMEWORK 3 STAKEHOLDER MATRIX

